IRSA INVESTMENTS & REPRESENTATIONS INC
Form 6-K
March 01, 2016

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15b-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of February, 2016

IRSA Inversiones y Representaciones Sociedad Anónima
(Exact name of Registrant as specified in its charter)

IRSA Investments and Representations Inc.
(Translation of registrant´s name into English)

Republic of Argentina
(Jurisdiction of incorporation or organization)

Bolívar 108
(C1066AAB)
Buenos Aires, Argentina
(Address of principal executive offices)

Form 20-F x Form 40-F o

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No x

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANÓNIMA
(THE "COMPANY")

REPORT ON FORM 6-K

Attached is an English translation of the Unaudited Condensed Interim Consolidated Financial Statements as of December 31, 2015 and for the six-month periods ended December 31, 2015 and 2014 filed by the Company with the *Comisión Nacional de Valores* and the *Bolsa de Comercio de Buenos Aires*:

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Financial Statements
as of December 31, 2015 and for the six-month periods
ended December 31, 2015 and 2014

Legal information

Denomination: IRSA Inversiones y Representaciones Sociedad Anónima.

Fiscal year N°.: 73, beginning on July 1st, 2015.

Legal address: 108 Bolívar St., 1st floor, Autonomous City of Buenos Aires, Argentina.

Company activity: Real estate investment and development.

Date of registration of the by-laws in the Public Registry of Commerce: June 23, 1943.

Date of registration of last amendment of the by-laws in the Public Registry of Commerce: March 15, 2013.

Expiration of the Company's by-laws: April 5, 2043.

Registration number with the Superintendence: 213,036.

Capital: 578,676,460 shares.

Common Stock subscribed, issued and paid up (in millions of Ps.): 579.

Parent Company: Cresud Sociedad Anónima, Comercial, Inmobiliaria, Financiera y Agropecuaria (Cresud S.A.C.I.F. y A.).

Legal Address: 877 Moreno St., 23rd. floor, Autonomous City of Buenos Aires, Argentina.

Main activity: Real estate, agricultural, commercial and financial activities.

Interest of the Parent Company on the capital stock: 366,788,251 common shares.

Percentage of votes of the Parent Company on the shareholders' equity: 63.8%.

CAPITAL STATUS

Type of stock	Authorized for Public Offer of Shares (*)	Subscribed, Issued and Paid up (in millions of Pesos)
Common stock with a face value of Ps. 1 per share and entitled to 1 vote each	578,676,460	579

(*) Company not included in the Optional Statutory System of Public Offer of Compulsory Acquisition.

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Glossary

Glossary

The followings are not technical definitions, but help the reader to understand certain terms used in the wording of the notes to the Group´s Financial Statements.

Terms	Definitions
Adama	Adama Agricultural Solutions Ltd.
BACS	Banco de Crédito y Securitización S.A.
Bartan	Bartan Holdings and Investments Ltd.
BASE	Buenos Aires Stock Exchange
BCRA	Central Bank of the Argentine Republic
BHSA	Banco Hipotecario S.A.
BMBY	Buy Me Buy You
Cellcom	Cellcom Israel Ltd.
Clal	Clal Holdings Insurance Enterprises Ltd.
CNV	Securities Exchange Commission
CODM	Chief Operating Decision Maker
Condor	Condor Hospitality Trust Inc.
Cresud	Cresud S.A.C.I.F. y A.
DFL	Dolphin Fund Ltd.
DIC	Discount Investment Corporation Ltd.
DN B.V.	Dolphin Netherlands B.V.
Dolphin	Dolphin Fund Ltd. and Dolphin Netherlands B.V.
EHSA	Entertainment Holdings S.A.
ERSA	Emprendimiento Recoleta S.A.
Financial Statements	Unaudited Condensed Interim Consolidated Financial Statements
Annual Financial Statements	Consolidated Financial Statements as of June 30, 2015
ETH	C.A.A. Extra Holdings Ltd.
FPC	Collective Promotion Funds
IDB Tourism	IDB Tourism (2009) Ltd
IDBD	IDB Development Corporation Ltd.
IDBGI	IDB Group Investment Inc.
IDBH	IDB Holdings Corporation Ltd.
IFISA	Inversiones Financieras del Sur S.A.
IFRS	International Financial Reporting Standards
Indarsa	Inversora Dársena Norte S.A.
CPI	Consumer Price Index
IRSA, the Company or Us	IRSA Inversiones y Representaciones Sociedad Anónima
IRSA CP	IRSA Propiedades Comerciales S.A.
Koor	Koor Industries Ltd.
Lipstick	Lipstick Management LLC
LRSA	La Rural S.A.
Metropolitan	Metropolitan 885 Third Avenue Leasehold LLC

New Lipstick	New Lipstick LLC
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
NIS	New Israeli Shekel
NPSF	Nuevo Puerto Santa Fe S.A.
NYSE	New York Stock Exchange
PAMSA	Panamerican Mall S.A.
PBC	Property & Building Corporation Ltd.
Puerto Retiro	Puerto Retiro S.A.
Quality	Quality Invest S.A.
Rigby	Rigby 183 LLC
Shufersal	Shufersal Ltd.
SRA	Sociedad Rural Argentina
Tarshop	Tarshop S.A.
TASE	Tel Aviv Stock Exchange

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Financial Position

as of December 31, 2015 and June 30, 2015

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

	Note	**12.31.15**	**06.30.15**
ASSETS			
Non- Current Assets			
Investment properties	10	42,798	3,490
Property, plant and equipment	11	18,997	243
Trading properties	12	1,295	128
Intangible assets	13	5,644	127
Investments in associates and joint ventures	8	14,628	3,173
Deferred income tax assets	25	344	53
Income tax and minimum presumed income tax ("MPIT") credit		106	109
Trade and other receivables	17	3,183	115
Employee benefits	33	3	-
Investments in financial assets	18	1,863	703
Derivative financial instruments	19	7	206
Total Non-Current Assets		**88,868**	**8,347**
Current Assets			
Trading properties	12	2,211	3
Inventories	14	2,515	23
Restricted assets	16	342	9
Income tax and minimum presumed income tax ("MPIT") credit		485	19
Financial assets held for sale	9	5,043	-
Trade and other receivables	17	12,043	1,143
Investments in financial assets	18	9,322	295
Derivative financial instruments	19	59	29
Cash and cash equivalents	20	13,032	375
Total Current Assets		**45,052**	**1,896**
TOTAL ASSETS		**133,920**	**10,243**
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to equity holders of the parent			
Share capital		575	574
Treasury stock		4	5
Inflation adjustment of share capital and treasury stock		123	123
Share premium		793	793
Additional paid-in capital from treasury stock		13	7

Legal reserve		117	117
Special reserve		4	4
Other reserves		760	330
Retained earnings		(486)	521
Total capital and reserves attributable to equity holders of the parent		**1,903**	**2,474**
Non-controlling interest		3,846	396
TOTAL SHAREHOLDERS' EQUITY		**5,749**	**2,870**
LIABILITIES			
Non-Current Liabilities			
Trade and other payables	21	841	255
Borrowings	24	82,423	3,736
Derivative financial instruments	19	67	264
Deferred income tax liabilities	25	5,396	51
Employee benefits	33	556	-
Salaries and social security liabilities	22	3	2
Provisions	23	1,416	374
Total Non-Current Liabilities		**90,702**	**4,682**
Current Liabilities			
Trade and other payables	21	18,072	896
Borrowings	24	16,866	1,248
Derivative financial instruments	19	86	237
Salaries and social security liabilities	22	1,191	123
Provisions	23	718	52
Income tax and minimum presumed income tax ("MPIT") liabilities		536	135
Total Current Liabilities		**37,469**	**2,691**
TOTAL LIABILITIES		**128,171**	**7,373**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**133,920**	**10,243**

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

Alejandro G. Elsztain
Vice President II
Acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Income

for the six and three-month periods beginning on July 1 and October 1, 2015 and 2014 and ended December 31, 2015 and 2014

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

		Six months		**Three months**	
	Note	**12.31.15**	**12.31.14**	**12.31.15**	**12.31.14**
Income from sales, rents and services	27	1,570	1,259	856	670
Income from expenses and collective promotion fund (“FPC”)	27	594	439	339	238
Costs	28	(972)	(735)	(537)	(382)
Gross Profit		**1,192**	**963**	**658**	**526**
Gain from disposal of investment properties	10	1,029	801	639	484
General and administrative expenses	29	(273)	(162)	(142)	(83)
Selling expenses	29	(120)	(84)	(65)	(47)
Other operating results, net	31	120	68	133	65
Profit from operations		**1,948**	**1,586**	**1,223**	**945**
Share of loss of associates and joint ventures	8	(398)	(681)	93	(569)
Profit before financial results and income tax		**1,550**	**905**	**1,316**	**376**
Finance income	32	374	48	328	25
Finance costs	32	(2,138)	(535)	(1,804)	(208)
Other financial results	32	(460)	8	(312)	(79)
Financial results, net	32	**(2,224)**	**(479)**	**(1,788)**	**(262)**
(Loss) / Profit before income tax		**(674)**	**426**	**(472)**	**114**
Income tax	25	(236)	(379)	(124)	(203)
(Loss) / Profit for the period		**(910)**	**47**	**(596)**	**(89)**
Attributable to:					
Equity holders of the parent		(487)	5	(213)	2
Non-controlling interest		(423)	42	(383)	(91)
(Loss) / Profit per share attributable to equity holders of the parent during the period:					
Basic		(0.847)	0.008	(0.367)	0.002

Diluted	(0.847)	0.008	(0.367)	0.002

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

Alejandro G. Elsztain
Vice President II
Acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Comprehensive Income

for the six and three-month periods beginning on July 1 and October 1, 2015 and 2014 and ended December 31, 2015 and 2014

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

	Six months		**Three months**	
	12.31.15	**12.31.14**	**12.31.15**	**12.31.14**
(Loss) / Profit for the period	(910)	47	(596)	(89)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment	(1,873)	(352)	(1,874)	(379)
Currency translation adjustment associates	3,749	216	3,714	198
Other comprehensive income / (loss) for the period (i)	**1,876**	**(136)**	**1,840**	**(181)**
Total comprehensive income / (loss) for the period	**966**	**(89)**	**1,244**	**(270)**
Attributable to:				
Equity holders of the parent	(283)	(147)	(45)	(187)
Non-controlling interest	1,249	58	1,289	(83)

(i) Components of other comprehensive income have no impact on income tax.

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

Alejandro G. Elsztain
Vice President II
Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

for the six-month periods ended December 31, 2015 and 2014

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

	Share capital	Treasury stock	Inflation adjustmen of share capital an treasury stock (2)
Balance at July 1st, 2015	**574**	**5**	**12**
Loss for the period	-	-	
Other comprehensive income for the period	-	-	
Total comprehensive income / (loss) for the period	-	-	
Appropriation of retained earnings approved by Shareholders' meeting held 11.26.15	-	-	
Reserve for share-based compensation (Note 33)	1	(1)	
Tender offer to non-controlling shareholders	-	-	
Cumulative translation adjustment for interest held before business combination	-	-	
Incorporation for business combination	-	-	
Capital reduction	-	-	
Changes in non-controlling interest	-	-	
Dividends distribution to non-controlling interest	-	-	
Balance at December 31, 2015	**575**	**4**	**12**

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

(1) Related to CNV General Resolution N° 609/12. See Note 26.

(2) Includes Ps. 1 of Inflation adjustment treasury stock. See Note 26.

Alejandro G. Elsztain
Vice President II

Acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

for the six-month periods ended December 31, 2015 and 2014

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

	Attributable to equity holders of the parent									
	Share capital	**Treasury stock**	**Inflation adjustment of share capital and treasury stock (2)**	**Share premium**	**Legal reserve**	**Special reserve (1)**	**Other reserves (Note 26)**	**Retained earnings**	**Subtotal**	**Non-control interest**
Balance at July 1st, 2014	**574**	**5**	**123**	**793**	**117**	**375**	**806**	**(785)**	**2,008**	
Profit for the period	-	-	-	-	-	-	-	5	5	
Other comprehensive (loss) / income for the period	-	-	-	-	-	-	(152)	-	(152)	
Total comprehensive (loss) / income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(152)**	**5**	**(147)**	
Appropriation of retained earnings approved by Shareholders' meeting held 11.14.14	-	-	-	-	-	(371)	(414)	785	-	
Reserve for share-based compensation (Note 33)	-	-	-	-	-	-	2	-	2	
	-	-	-	-	-	-	-	-	-	(

Capital reduction									
Changes in non-controlling interest	-	-	-	-	-	-	17	-	17
Reimbursement of expired dividends	-	-	-	-	-	-	-	1	1
Dividends distribution to non-controlling interest	-	-	-	-	-	-	-	-	-
Balance at December 31, 2014	**574**	**5**	**123**	**793**	**117**	**4**	**259**	**6**	**1,881**

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

(1) Related to CNV General Resolution N° 609/12. See Note 26.

(2) Includes Ps. 1 of Inflation adjustment treasury stock. See Note 26.

Alejandro G. Elsztain
Vice President II
Acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Cash Flows

for the six-month periods ended December 31, 2015 and 2014

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

	Note	**12.31.15**	**12.31.14**
Operating activities:			
Cash generated by operations before income tax paid	20	1,095	627
Income tax and Minimum Presumed Income tax paid		(495)	(166)
Net cash generated by operating activities		**600**	**461**
Investing activities:			
Capital contributions in associates and joint ventures	8	(45)	(33)
Purchases of associates and joint ventures	8	-	(279)
Purchases of investment properties	10	(102)	(302)
Proceeds from sale of investment properties		1,073	2,046
Proceeds from disposal of trading properties		1	-
Purchases of property, plant and equipment	11	(10)	(20)
Purchases of intangible assets	13	-	(4)
Acquisition of trading properties		(1)	-
Purchase of investments in financial assets		(3,461)	(1,520)
Proceeds from sale of investments in financial assets		2,404	957
Advanced payments		(25)	-
Proceeds from sale of equity interest in associates and joint ventures		11	19
Interest received from financial assets		3	3
Loans granted to associates and joint ventures		(1,349)	-
Dividends received		-	8
Net cash (used in) / generated by investing activities		**(1,501)**	**875**
Financing activities:			
Proceeds from borrowings		402	428
Payments of borrowings		(435)	(724)
Payment of non-convertible notes		(96)	-
Payment of financial leasing		-	(1)
Dividends paid		-	(55)
Issuance of non-convertible notes		407	-
Acquisition of non-controlling interest in subsidiaries		-	(5)
Capital contribution of non-controlling interest		(1)	-
Changes in non-controlling interest		62	-
Dividends paid to non-controlling interest		(59)	-
Interest paid		(334)	(281)

Loans from associates and joint ventures, net		-	22
Distribution of capital of non-controlling interest in subsidiaries		-	(228)
Payment of seller financing of shares		-	(106)
Payments related to derivative financial instruments		(25)	(17)
Repurchase of non-convertible notes		(135)	-
Reissuance of non-convertible notes		6	-
Proceeds from derivative financial instruments		903	-
Net cash generated by / (used in) financing activities		**695**	**(967)**
Net (Decrease) / Increase in cash and cash equivalents		**(206)**	**369**
Cash and cash equivalents at beginning of year	20	375	610
Cash incorporated by business combination		9,193	-
Foreign exchange gain / (loss) on cash and cash equivalents		3,670	(162)
Cash and cash equivalents at end of period		**13,032**	**817**

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

Alejandro G. Elsztain
Vice President II
Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

1. The Group's business and general information

IRSA was founded in 1943, and is engaged in a diversified range of real estate activities in Argentina since 1991.

IRSA and its subsidiaries are collectively referred to hereinafter as "the Group".

Cresud is our ultimate parent company and is a corporation incorporated and domiciled in Argentina. The address of its registered office is 877 Moreno St., Floor 23, Autonomous City of Buenos Aires, Argentina.

These Financial Statements have been approved for issue by the Board of Directors on February 11, 2016.

As of the date of these financial statement, the Group has established two Operations Centers to manage its global business, mainly through the following companies (see Note 6).

(i) Remains in current assets, as financial assets held for sale (see Note 9).

(ii) Corresponds to Group's associates, which are hence excluded from consolidation.

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IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

1. The Group's business and general information (Continued)

Operations Center in Argentina

The activities of the operations center in Argentina are mainly developed through IRSA and its principally subsidiary, IRSA CP. Through IRSA and IRSA CP, the Group owns, manages and develops shopping centers across Argentina, a portfolio of office and other rental properties in the Autonomous City of Buenos Aires, and it entered the United States of America ("USA") real estate market in 2009, mainly through the acquisition of non-controlling interests in office buildings and hotels. Through IRSA or IRSA CP, the Group also develops residential properties for sale. The Group, through IRSA, is also involved in the operation of branded hotels. The Group uses the term "real estate" indistinctively in these Financial Statements to denote investment, development and/or trading properties activities. IRSA's shares are listed and traded on both the BASE and the NYSE.

The activities of the Group's segment "financial operations and others" is carried out mainly through BHSA, where we have a 29.94% interest (without considering treasury shares of our own). BHSA is a commercial bank offering a wide variety of banking activities and related financial services to individuals, small and medium-sized companies and large corporations, including the provision of mortgaged loans. BHSA's shares are listed on the BASE. Besides that, the Group has a 42.99% indirect equity interest in Tarshop, which main activities are credit card and loan origination transactions.

Operations Center in Israel

During the fiscal year ended June 30, 2014, the Group made an investment in the Israeli market, through DFL and DN B.V., in IDBD (an Israeli Company), with of an initial interest of 26.65%. IDBD is one of the

Israeli largest and most diversified conglomerates, which is involved, through its subsidiaries and other investments, in several markets and industries, including real estate, retail, agribusiness, insurance, telecommunications, etc.; controlling or participating in companies such as: Clal (Insurance Company), Cellcom (Mobile phone services), Adama (Agrochemicals), Shufersal (supermarket), PBC (Real Estate), among others. IDBD is listed in TASE since May, 2014.

On October 11, 2015, the Group gain effective control over IDBD (see Note 4), thus adding material assets in several industries and liabilities related to loans granted to IDBD and its subsidiaries.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

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1. The Group's business and general information (Continued)

Following the reduction of ETH's equity interest in IDBD to less than 26.65% in February 2015 and the completion of BMBY's process whereby Extra sold its equity interest, IDBD's creditors saw an opportunity to call for the immediate payment of financial liabilities. IDBD is negotiating with the creditors certain amendments to the covenants in their loan agreements that will be enforced during the quarter ending March 31, 2016. If IDBD fails to reach an agreement with its creditors under favorable terms, the preexisting restrictions and covenants may remain in force and may not be fulfilled under the prevailing circumstances.

As a holding company, IDBD's main sources of funds derive from the dividends distributed by its subsidiaries, which have experienced a reduction in recent years. Yet, there are restrictions as to the payment of dividends based on the indebtedness level in some subsidiaries. IDBD has projected future cash flows; however, such cash flows are not deemed sufficient to settle its liabilities and other commitments. IDBD expects to receive capital contributions from Dolphin to honor its financial commitments if so required and subject to Dolphin's acceptance. However, the Group has not undertaken to provide further financing to the subsidiary or to complete any divestiture, including the sale of Clal. IDBD could also secure additional financing through the private or public issuance of equity securities and additional divestitures.

On December, 2013, was published in the Official Gazette of Israel the Promotion of Competition and Reduction of Concentration Law, 5774-2013 ('the Concentration Law') which has material implications for IDBD and its investments, including the disposal of the controlling interest in Clal. The shares representing the controlling interest in Clal have been deposited with a trust fund designated by the Capital Markets, Insurance and Savings Commission, which is dependent on the Ministry of Finance of Israel. This Commission also set a deadline by which the sale of the controlling interest should be complete. According to the framework established by the governmental authorities, IDBD should have executed an agreement for the sale of the interest in Clal by January 7, 2016 in order for the buyer to be able to secure all required regulatory approvals by June 30, 2016. Despite the fact that IDBD had received several non-binding offers to buy its controlling interest in Clal, such offers did not succeed for reasons beyond IDBD's control, and the regulatory entity established an arrangement to complete the sale of Clal, as described in detail in Note 9. According to certain terms and covenants governing the above mentioned financial debt, there are also restrictions on the sale of material subsidiaries requiring the financial entities' approval, and the regulatory entity's requirement of selling the equity interest in Clal is also subject to IDBD's current renegotiations with its creditors.

The Group is also negotiating with IDBD's non-controlling shareholders their assumed commitments to repurchase IDBD's shares of stock at a pre-established price and within a defined term (see Note 4).

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

1. The Group's business and general information (Continued)

All factors mentioned above, mainly (i) IDBD's current financial position and need of financing to honor its financial debt and other commitments, (ii) the renegotiation underway with financial creditors, and (iii) the term set by Israel's governmental authorities to sell the equity interest in Clal and the potential effects of such sale, in particular, on its market value, raise significant uncertainties as to IDBD's capacity to continue as a going-concern. These financial statements do not include the adjustments or reclassifications related to the valuation of IDBD's assets and liabilities that would be required if IDBD were not able to continue as a going-concern.

The Group is and will continue working to address the uncertainties described above.

The Group

The financial position of IDBD and its subsidiaries at the operations center in Israel does not affect the financial position of IRSA and its subsidiaries at the operations center in Argentina.

IRSA and its subsidiaries are not facing financial constraints and are compliant with their financial commitments. In addition, the commitments and other covenants resulting from the loan granted to IDBD do not have impact on IRSA since such loan has no recourse against IRSA and it is not secured by IRSA's assets.

There are no significant uncertainties as to the capacity of the Group, as a whole, to operate as a going-concern, with such uncertainties being limited to the operations in Israel.

2. Summary of significant accounting policies

2.1. Basis of preparation of the Financial Statements

These Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", therefore, should be read together with the Annual Financial Statements of the Group as of June 30, 2015 prepared in accordance with IFRS in force. Furthermore, these Financial Statements include supplementary information required by Law N° 19,550 and/or regulations of the CNV. Such information is included in notes to these Financial Statements according to IFRS.

These Financial Statements corresponding to the six-month periods ended December 31, 2015 and 2014 have not been audited. The management believes they include all necessary adjustments to fairly present the results of each period. The Company's six-month periods ended December 31, 2015 and 2014 results do not necessarily reflect the proportion of the Group's full-year results.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

2. Summary of significant accounting policies (Continued)

On October 11, 2015, the Group took over IDBD. IDBD's fiscal year ends on December 31 each year and the Company's fiscal year ends on June 30. IDBD's quarterly and annual reporting follows the guidelines of Israeli standards, which means that the information is only available after the applicable statutory terms in Argentina. Therefore, the Company will not be able to include IDBD's quarterly results in its financial statements as of December 31, 2015 to be filed with the CNV. The Company will consolidate IDBD's results of operations with a three-month lag, adjusted for the effects of material transactions that may have taken place during the reported period. Hence, IDBD's results of operations for the period beginning on October 11, 2015 (the acquisition date) through December 31, 2015 will be included in the Group's interim statement of comprehensive income for the nine-month period ending March 31, 2016, except for such material transactions that could have been substantially affected. The Company expects IDBD's results for subsequent periods to become available with a similar lag.

IDBD's information disclosed in these financial statements is as at the takeover date, and is preliminary and subject to potential measurement adjustments, as explained in Note 4. The Group expects the business combination to be fully booked in its financial statements as of June 30, 2016.

Given the materiality of IDBD's assets and liabilities incorporated, the Group had to change the format of its financial statements for the ease of reading and analysis. The most significant change is in line with the new organizational structure, which is split into two large operations centers in Argentina and Israel. In this regard, changes have been made to the notes, tables and exhibits and their respective order, classification and content in the financial statements, on a geographic basis and taking into consideration the significance of the Group's global operations following IDBD's consolidation.

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2. Summary of significant accounting policies (Continued)

2.2. Scope of consolidation

In addition to the comments in Note 2.3 a) to the Annual Financial Statements, below are the consolidation bases that were followed to consolidate IDBD from October 11, 2015.

The Group conducts its business through several operating and holding companies, the principal are listed below:

Operations Center in Argentina:

Name of the entity	Main activity	% of ownership interest held by the Group (5)	% of ownership interest held by the NCI
Direct interest of IRSA:			
IRSA CP	Real estate	95.22%	4.78%
E-Commerce Latina S.A. (4)	Holding	100.00%	-
Efanur S.A.	Holding	100.00%	-
Hoteles Argentinos S.A.	Hotel	80.00%	20.00%
Inversora Bolívar S.A.	Holding	100.00%	-
Llao Llao Resorts S.A. (1)	Hotel	50.00%	50.00%
Nuevas Fronteras S.A.	Hotel	76.34%	23.66%
Palermo Invest S.A.	Holding	100.00%	-

Ritelco S.A.	Holding	100.00%	-
Tyrus S.A.	Holding	100.00%	-
Interest indirectly held through IRSA CP:			
Arcos del Gourmet S.A.	Real estate	90.00%	10.00%
Emprendimiento Recoleta S.A.	Real estate	53.68%	46.32%
Fibesa S.A.	Real estate	100.00%	-
Panamerican Mall S.A.	Real estate	80.00%	20.00%
Shopping Neuquén S.A.	Real estate	99.56%	0.44%
Torodur S.A.	Holding	100.00%	-

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2. Summary of significant accounting policies (Continued)

Name of the entity	Main activity	% of ownership interest held by the Group (5)	% of ownership interest held by the NCI
Interest indirectly held through Tyrus S.A.:			
Dolphin Fund Ltd. (2) (3)	Holding	91.57%	8.43%
I Madison LLC	Holding	100.00%	-
IRSA Development LP	Holding	100.00%	-
IRSA International LLC	Holding	100.00%	-
Jiwin S.A.	Holding	100.00%	-
Liveck S.A.	Holding	100.00%	-
Real Estate Investment Group LP ("REIG")	Holding	64.01%	35.99%
Real Estate Investment Group II LP	Holding	80.54%	19.46%
Real Estate Investment Group III LP (3)	Holding	81.19%	18.81%
Real Estate Investment Group IV LP	Holding	100.00%	-
Real Estate Investment Group V LP	Holding	100.00%	-
Real Estate Strategies LLC	Holding	100.00%	-
Interest indirectly held through Efanur S.A.:			
Real Estate Strategies LP	Holding	66.83%	33.17%
Interest indirectly held through Dolphin Fund Ltd.			
IDB Development Corporation Ltd.	Holding	49.00%	51.00%

Operations Center in Israel:

Name of the entity	Main activity	% of ownership interest held by the Group (5)	% of ownership interest held by the NCI
Interest indirectly held through IDBD:			
Discount Investment Corporation Ltd.	Holding	73.92%	26.08%
Clal Holdings Insurance Enterprises Ltd.(7)	Insurance and pension company	54.97%	45.03%
IDB Tourism (2009) Ltd.	Holding company in the tourism services sector	100.00%	-
IDB Group Investment Inc.	Holding	50.00%	50.00%
Interest indirectly held through Discount Investment Corporation Ltd:			
Property & Building Corporation Ltd.	Real estate	76.46%	23.54%
Gav Yam Land Ltd.	Real estate	69.07%	30.93%
Israel Property Rental Corporation Ltd. (ISPRO)	Real estate	100.00%	-
MATAM - Haifa Science Industries Center	Real estate	50.10%	49.90%
Neveh-Gad Building & Development Ltd.	Real estate	100.00%	-
Hadarim Properties Ltd.	Real estate	100.00%	-
PBC USA Investment Inc.	Real estate	100.00%	-

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2. Summary of significant accounting policies (Continued)

Name of the entity	**Main activity**	**% of ownership interest held by the Group (5)**	**% of ownership interest held by the NCI**
Interest indirectly held through Discount Investment Corporation Ltd (Continued)**:**			
Shufersal Ltd.	Supermarket	45.49%	54.51%
Shufersal Real Estate Ltd.	Supermarket	100.00%	-
Koor Industries Ltd.(6)	Holding company in the agrochemical sector	100.00%	-
Cellcom Israel Ltd. (8)	Communication services	41.78%	58.22%
Netvision Ltd.	Communication services	100.00%	-
Elron Electronic Industries Ltd.	Technology development – Holding	50.32%	49.68%
Bartan Holdings and Investments Ltd.	Holding	55.68%	44.32%
Epsilon Investment House Ltd.	Holding	68.75%	31.25%

(1) The Group has consolidated the investment in Llao Llao Resorts S.A. considering its equity interest and a shareholder agreement that confers it majority of votes in the decision making process.

(2) The Group has consolidated its indirect interest in DFL considering its exposure to variable returns coming from its investment in DFL and the nature of the relationship between the Group and the shareholders with right to vote of DFL.

(3) Includes interest indirectly held through Ritelco S.A.

(4) Includes interest indirectly held through Tyrus S.A.

(5) Correspond to interest directly held in each company.

(6) Owns a 40% equity interest of Adama.

(7) It has been valued as financial asset held for sale.

(8) The Group has consolidated the interest in Cellcom taking into consideration its equity interest and decision-making power given the fact that the remaining interests are too disperse.

Summarized financial information on principal subsidiaries with material controlling interests and other information are included in note 7.

2.3 Significant accounting policies

The accounting policies applied in the presentation of these Financial Statements are consistent with those applied in the preparation of the Annual Financial Statements under IFRS as described in Note 2 to the Annual Financial Statements, except for the new accounting policies adopted following IDBD's consolidation.

The principal accounting policies applied for the first time for the three-month period ended December 31, 2015 associated to equity balances are as follows:

2.3.1 Non-recourse loan

IDBD has a non-recourse loan, which was split into two components on the basis of an independent appraiser's report.

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2. Summary of significant accounting policies (Continued)

The commitment to transfer shares represents the main contract and was initially recognized at fair value and, later, at its depreciated cost. The derivative embedded represents a call option and is computed taking into account future payments of interest on the loan.

The main contract and the embedded derivative ("non-recourse loan") are disclosed net in loans.

2.3.2 Irrevocable right of use of the capacity of underground communication lines

Transactions carried out to acquire an irrevocable right of use of the capacity of underground communication lines are accounted for as service contracts. The amount paid for the rights of use of the communication lines is recognized as “Prepaid expenses” under trade and other receivables, and is amortized over a straight-line basis during the period set forth in the contract (including the option term), which is the estimated useful life of such capacity.

2.3.3 Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventory includes expenses incurred in buying and taking the inventory to its existing location and condition. The cost of inventory of mobile phones and their related accessories and spare parts is calculated on the basis of the moving average, with the cost of other inventory being calculated on a FIFO basis.

Net realizable value is the estimated selling price in the ordinary course of business less selling expenses. It is determined on an ongoing basis, taking into account the product type and aging, based on the accumulated prior experience with the useful life of the product. The Group periodically reviews the inventory and its aging and books an allowance for impairment, as necessary.

2.3.4 Property, plant and equipment

The Group, through its Operations Center in Israel, holds hotels that have been reported under “Investment properties” since, unlike the hotels in the Operations Center in Argentina, it does not have a significant exposure to changes in operating cash flows of such hotels.

2. Summary of significant accounting policies (Continued)

2.3.5 Employee benefits

Defined contribution plans

A defined contribution plan is a retirement benefit whereby IDBD makes fixed contributions to a separate entity, without the legal or implicit obligation to pay additional amounts. The Group's obligation to make contributions to defined contribution plans is recognized as expense when the obligation arises.

Defined benefit plans

IDBD's net obligation concerning defined benefit plans is calculated on an individual basis for each plan, estimating the future benefits employees have gained in exchange for their services in the current and prior periods. The benefit is disclosed at its present value, net of the fair value of the plan assets. Calculations are made on an annual basis by a qualified actuary.

Other long-term employee benefits

The Group's net obligation concerning employee long-term benefits, other than retirement plans, is the amount of the future benefits employees have gained in exchange for their services in the current and prior periods. These benefits are discounted at their present values.

2.3.6 Provisions

Guarantees

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historic data of the warranties granted and all potential results are weighted against associated probabilities.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits are lower than the costs of complying with contract obligations. The provision is measured at the present value of the lower of expected cost of terminating the contract and the net expected cost of continuing the contract. Before recognizing a provision, the Group recognizes the impairment of the assets related to the mentioned contract.

2. Summary of significant accounting policies (Continued)

2.4 Use of estimates

The preparation of financial statements at a certain date requires the Management to make estimations and evaluations affecting the amount of assets and liabilities recorded and contingent assets and liabilities disclosed at such date, as well as income and expenses recorded during the period. Actual results might differ from the estimates and evaluations made at the date of preparation of these financial statements.

In the preparation of these Financial Statements, the significant judgments made by Management in applying the Group's accounting policies and the main sources of uncertainty were the same applied by the Group in the preparation of the Annual Financial Statements, as describe in Note 5 to those Financial Statements, save for changes in accrued income tax, provision for legal claims, provision for Directors' fees, allowance for bad debts and accrued supplementary rental, and those incorporated by business combination with IDBD.

2.5 Comparability of information

Balance items as of June 30, 2015 and December 31, 2014 shown in these financial statements for comparative purposes arise from the Consolidated Financial Statements then ended.

As required by IFRS 3, the information of IDBD is included in the financial statements of the Group as from the acquisition date, and the prior periods are not modified by this situation. Therefore, the financial information consolidated for periods after the acquisition is not comparative with prior periods.

During the six-month period ended December 31, 2015, the Argentine Peso devalued against the US$ and other currencies by around 46%, which has an impact in comparative information presented in these Financial Statements, due mainly to the currency exposure of our income and costs from "offices and other properties" segment, and our assets and liabilities in foreign currency (mainly assets and liabilities of the Operations Center in Israel).

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3. Seasonal effects on operations

Operations Center in Argentina

The operations of the shopping centers are subject to seasonal effects, which affect the level of sales recorded by lessees. During summer time in Argentina (January and February), the lessees of shopping centers experience the lowest sales levels in comparison with the winter holidays (July) and Christmas and year-end holidays celebrated in December, when they tend to record peaks of sales. Apparel stores generally change their collections during the spring and the fall, which impacts positively on shopping mall sales. Sale discounts at the end of each season also affect the business. As a consequence, for shopping center operations, a higher level of business activity is expected in the period ranging between July and December, compared to the period January through June.

Operations Center in Israel

The operations of the Shufersal supermarket chain are subject to fluctuations of quarterly sales and income due to the increase in activity during religious holidays in different quarters throughout the year. For instance, in Pesaj (Passover) between March and April, and the Jewish New Year, sometime between September and October each year.

The results of operations of Cellcom are also usually affected by seasonality in summer months in Israel and by the Jewish New Year, given a higher consumption due to internal and external tourism.

4. Acquisition and dispositions

a) Acquisition of control over IDBD

On May 7, 2014, a transaction was agreed whereby the Group, acting indirectly through Dolphin, acquired, jointly with E.T.H.M.B.M. Extra Holdings Ltd. (a non-related company incorporated under the laws of the State of Israel) controlled by Mordechay Ben Moshé, an aggregate number of 106.6 million common shares in IDBD representing 53.30% of its stock capital, under the scope of the debt restructuring of IDBH with its creditors (the "Arrangement"), the IDBD's parent company.

Under the terms of the agreement entered into between Dolphin and ETH, to which Dolphin and ETH agreed to (the "Shareholders' Agreement"), Dolphin acquired 50% interest in this investment, and ETH acquired the remaining 50%. The initial total investment amount was NIS 950 million, equivalent to approximately US$ 272 million at the exchange rate prevailing on that date.

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4. Acquisition and dispositions (Continued)

During year 2015 Dolphin continued investing in IDBD, therefore, as of December 31, 2015 IRSA's indirect equity interest in IDBD amounted to approximately 49%.

On May 28, 2015, ETH launched the BMBY mechanism provided in the Shareholders’ Agreement (clause which establishes that each party of the Shareholders' Agreement may offer to the counterparty to acquire (or sell, as the case may be), the shares it holds in IDBD at a fixed price). In addition, ETH further added that the purchaser thereunder required to assume all obligations of seller under the Arrangement.

On June 10 and 11, 2015, Dolphin gave notice to ETH of its intention to buy all the shares of IDBD held by ETH.

After certain aspects of the offer were resolved through an arbitration process brought by Dolphin and ETH in accordance with provisions on dispute resolution included in the Shareholders’ Agreement, on September 24, 2015, the competent arbitrator resolved that: (i) Dolphin and IFISA (related company to the Group) were entitled to act as buyers in the BMBY process, and ETH should sold IDBD shares held by it (92,665,925 shares) at a price of NIS 1.64 per share; (ii) The buyer must fulfilled all of the commitments included in the seller’s Arrangement, including the commitment to carry out Tender Offers where responsibility were borne by Dolphin; (iii) The buyer must pledged in favor of the Arrangement Trustees the shares that seller had pledged to them.

On October 11, 2015, the BMBY process concluded, and IFISA acquired all IDBD's shares of stock held by ETH. Consequently, the Shareholders' Agreement ceased and members of IDBD's Board of Directors representing ETH submitted their irrevocable resignation to the Board Dolphin is hence empowered to appoint the new members to the Board. Additionally, on the same date, Dolphin pledged additional shares as a performance bond for the Tender Offers, thereby increasing the number of pledged shares to 64,067,710. As a consequence, the Group gain control of IDBD and started to consolidate financial statements as from that date.

As of December 31, 2015, Dolphin held an aggregate number of 324,445,664 shares, 24,897,859 Series 4 warrants, 109,342,966 Series 5 warrants and 97,833,180 Series 6 warrants, accounting for a 49.0% share interest in IDBD. Additionally, on December 31, 2015, Dolphin held 498,140 shares of DIC and 83,023 Series 4, 5 and 6 warrants of DIC, accounting for a direct equity interest of 0.49% in DIC.

The Group is analyzing the allocation of the price paid across various net assets acquired by IDBD; therefore, the information presented below is preliminary.

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4. Acquisition and dispositions (Continued)

The following chart shows the consideration, the fair value of the acquired assets, the assumed liabilities and the non-controlling interest as of the acquisition date.

	10.11.15
Fair value of the interest in IDBD's equity held before the business combination and warrants	1,416
Total consideration	**1,416**

	10.11.15
Fair value of identifiable assets and assumed liabilities:	
Investment properties	28,821
Property, plant and equipment	13,734
Intangible assets	1,288
Investment in associates and joint ventures	9,043
Financial assets held for sale	4,475
Trading properties	2,437
Inventories	1,822
Income tax credits for the year	91
Trade and other receivables	9,546
Investments in financial assets	6,695
Restricted assets	250
Cash and cash equivalents	9,193
Deferred income tax	(3,597)
Provisions	(1,089)
Borrowings	(68,174)
Derivative financial instruments, net	280
Income tax expense	(316)
Employee benefits	(405)

Salaries and social security liabilities	(794)
Trade and other liabilities	(11,550)
Total net identifiable assets	**1,750**
Non-controlling interest	(2,235)
Goodwill not yet allocated	1,901
Total	**1,416**

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4. Acquisition and dispositions (Continued)

The fair value of the investment property was assessed by a qualified independent appraiser. As of the acquisition date, the Group estimates that recognized assets are recoverable. The fair value of the non-controlling interest in IDBD, has been determined on a proportional basis to the fair value of net acquired assets.

Following the control of IDBD, the cumulative currency translation accumulated in shareholders' equity from the interest held in IDBD before the business combination in the amount of Ps. 144 million were charged to income. This gain was disclosed under "Other operating results, net" line in the statement of income.

Disclosures required by IFRS 3 are not included since results are not consolidated.

b) Tender Offers

As described in Note 3.1 to the Annual Financial Statements, Dolphin was required to carry out the first tranche of Tender Offers in December 2015. Before expiration of the first tranche of the Tender Offer, Dolphin and the Trustees of the Arrangement reached an interim agreement (the "Interim Arrangement") that includes but is not limited to the following:

(i) Postpone the date in which Dolphin would propose the first part of the Tender Offers until March 15, 2016, so that the execution of the Tender Offer would extend until March 31, 2016. Increase the first part of the Tender Offer by NIS 7 million, without changing the number of shares entitled to participate in the

Tender Offer;

(ii) Should IDBD carry out the issue of shares or convertible assets before March 15, 2016 (excluding the issuance of shares resulting from exercising already existing warrants) to any person other than Dolphin and/or any other company not entitled to take part as offeror in the Tender Offers, increase the first part of the Tender Offer by NIS 53 million (in addition to the NIS 7 million of section (i)), without changing the total number of shares to be purchased through the Tender Offer;

(iii) Increase the collateral granted to the Trustees of the Arrangement to secure performance of the commitments assumed under the Tender Offers;

(iv) The Interim Arrangement should be approved by the Shareholders' Meeting, after which the parties would file a petition requesting that the appeal with the Supreme Court be dismissed without costs for the parties;

(v) The Interim Arrangement would also be subject to the execution of the Subordinated Loan between Dolphin and IDBD (a subordinated and convertible loan granted to IDBD in the amount of NIS 210 million).

On December 6, 2015 the Interim Arrangement was approved and the appeal with the Supreme Court was dismissed without cost to the parties.

On December 1, 2015, Dolphin and IDBD suscribed into the Subordinated Loan.

4. Acquisition and dispositions (Continued)

c) Sale of properties in the Operations Center in Argentina

During the six-month period ended December 31, 2015, the Group has sold certain floors corresponding to Maipú 1300 Building, Intercontinental Plaza, all the floors corresponding to Dique IV and Isla Sirgadero.

All sales mentioned above led to a combined profit for the Group of Ps. 1,029, disclosed within the line "Gain from disposal of investment properties" in the statement of income.

5. Financial risk management and fair value

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk, indexing risk due to specific clauses and other price risk), credit risk, liquidity risk and capital risk. Within the Group, risk management functions are conducted in relation to financial risks associated to financial instruments to which the Group is exposed during a certain period or as of a specific date.

The general risk management policies of the Group are focused on the unpredictability of financial markets and seek both to minimize adverse potential effects on the financial performance of the Group and to manage and control the financial risks effectively. The Group uses financial instruments to hedge certain risk exposures when deemed appropriate based on its internal management risk policies, as explained below.

Given the diversity of sectors in the economy and industries, different regulatory and legal frameworks and the macroeconomic environment in each of its operations centers, the Group has decentralized the risk management policies geographically based on its two operations centers in order to identify and properly analyze the various types of risks to which each of the subsidiaries is exposed.

Below is a list of the main risk management policies of each of the operations centers:

5.1 Risk management in the operations center in Argentina:

These Financial Statements do not include all the information and disclosures on financial risk management in this operations center; therefore they should be read along with Note 4 to the Annual Financial Statements. There have been no changes in the risk management or risk management policies applied by the Group to the Operations Center in Argentina since year end.

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5. Financial risk management and fair value (Continued)

5.2 Risk management in the operations center in Israel:

Given the diversity of sectors in the economy, industries, and risks, IDBD manages its exposure to key financial risks in accordance with a decentralized risk management policy for all its subsidiaries. Both IDBD as holding and each subsidiary are responsible for managing their own financial risks in accordance with agreed global guidelines. The Chief Financial Officers of each entity are responsible for managing the risk management policies and systems, the definition of hedging strategies, insofar as applicable and based on any restriction that may be apply as a result of financial debt, the supervision of its implementation and the answer to such restrictions. The management framework includes policies, procedures, limits and allowed types of derivative financial instruments.

This section provides a description of the principal risks and uncertainties related to the operations center in Israel that could have a material adverse effect on the IDBD's strategy, performance, results of operations and financial condition. The risks and uncertainties facing the businesses, set out below, do not appear in any particular order of potential materiality or probability of occurrence. The information corresponding to the sensitivity analysis of financial risks and its impact on operating income has not been included because the Group does not present IDBD income in this period.

(a) Market risk management

(i) Foreign currency risk

IDBD operates at an international level and is exposed to exchange rate risks. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency in which the transaction is conducted, mainly the US dollar.

Real estate, business and/or financial activities of IDBD subsidiaries in the operations center in Israel are developed in the functional currencies of the economies where they operate, in that they IDBD is not significantly exposed to foreign currency risk.

Net financial position exposure to the functional currencies is decentralized managed on a case-by-case basis, by entering into foreign currency derivative instruments and/or by borrowings in foreign currencies, as the case may be, or by other methods, considered adequate by the Management, according to circumstances.

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5. Financial risk management and fair value (Continued)

(ii) Risk of fluctuations of the CPI of Israel

IDBD has financial liabilities indexed by the Israeli CPI. As of the balance sheet date, 72% of financial debts arising from the center of operations in Israel was adjusted by the Israeli CPI.

Net financial position exposure to the Israeli CPI fluctuations is decentralized managed on a case-by-case basis, by entering into derivative financial instruments, as the case may be, or by other methods, considered adequate by the Management, according to circumstances.

(iii) Interest rate risk

The IDBD's interest rate risk principally arises from long-term borrowings (See Note 24). Borrowings issued at variable rate expose IDBD to cash flow interest rate risk, partially compensated by financial assets at floating interest rate. Borrowings issued at fixed rates expose IDBD to fair value interest rate risk.

IDBD manages the exposure to the interest rate risk on a dynamic basis. Various scenarios are simulated by IDBD, taking into consideration refinancing, renewal of existing positions, alternative financing sources or hedging instruments, maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. Exposure to interest rate risk is decentralized managed and these activities are evaluated regularly by Management to determine that IDBD is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to comply with its borrowings covenants.

As of the date of these Financial Statements, the 96% of the Group's long-term financial borrowings in this operations center are at fixed interest rate, therefore, IDBD is not significantly exposed to the interest rate fluctuation risk.

(iv) Other price risk

IDBD is exposed to equity securities price risk or derivative financial instruments price risk because of investments held in entities that are publicly traded.

As indicated in Note 9, investment in Clal is classified on the statements of financial position at "fair value through profit or loss" and represents the most significant IDBD's exposure to price risk. IDBD has not used hedging against these risks.

IDBD regularly reviews the prices evolution of these equity securities in order to identify significant movements.

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5. Financial risk management and fair value (Continued)

(b) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to IDBD. Credit risk is decentralized managed. Each entity is responsible for managing and analyzing the credit risk and limits have been established to ensure that IDBD deals only with approved counterparties and that counterparty concentration risk is addressed and the risk of loss is mitigated. Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to IDBD.

IDBD is subject to credit risk arising from deposits with banks and financial institutions, investments of surplus cash balances, the use of derivative financial instruments and from outstanding receivables

The IDBD's policy is to manage credit exposure to deposits, short-term investments and other financial instruments by maintaining diversified funding sources in various financial institutions. All the institutions that operate with IDBD are well known because of their experience in the market and high credit quality. IDBD places its cash and cash equivalents, investments, and other financial instruments with various high credit quality financial institutions, thus mitigating the amount of credit exposure to any one institution. The maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents and short-term investments in the statements of financial position.

IDBD's primary objective for holding derivative financial instruments is to manage currency exchange rate risk and interest rate risk. IDBD generally enters into derivative transactions with high-credit-quality counterparties and, by policy, limits the amount of credit exposure to each counterparty. The amounts subject to credit risk related to derivative instruments are generally limited to the amounts, if any, by which counterparty's obligations exceed the obligations that IDBD has with that counterparty. The credit risk associated with derivative financial instruments is representing by the carrying value of the assets positions of these instruments.

The IDBD's policy is to manage credit exposure to trade and other receivables within defined trading limits. All IDBD's significant counterparties have internal trading limits.

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5. Financial risk management and fair value (Continued)

Trade receivables from investment and development property activities are primarily derived from leases and services from shopping centers, office and other rental properties; receivables from the sale of trading properties and investment properties (primarily undeveloped land and non-retail rental properties). IDBD has a large customer base and is not dependent on any single customer.

There is not a high credit risk concentration in trade receivables from telecommunications and supermarket activity, as the business does not rely on few customers and most of the transactions are paid in cash or credit card.

(c) Liquidity risk management

The most important risk in the operations center in Israel is the liquidity risks, including risks associated with refinancing borrowings as they mature, the risk that borrowing facilities are not available to meet cash requirements, and the risk that financial assets cannot readily be converted to cash without loss of value. Failure to manage liquidity risks could have a material impact on the IDBD's cash flow and statements of financial position. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, IDBD aims to maintain flexibility in funding its existing and prospective debt requirements by maintaining diversified funding sources.

IDBD monitors its current and projected financial position using several key internally generated reports: cash flow forecasts; debt maturity; and interest rate exposure. IDBD also undertakes sensitivity analysis to assess the impact of proposed transactions, movements in interest rates and changes in property values on the key profitability, liquidity and balance sheet ratios.

IDBD's debt and derivative positions are continually reviewed to meet current and expected debt requirements. IDBD maintains a balance between longer-term and shorter-term financings. Short-term financing is principally raised through bank facilities and overdraft positions. Medium- to longer-term financing comprises public and private bond issues, including private placements. Financing risk is spread by using a variety of types of debt. The maturity profile is managed in accordance with IDBD's needs, by spreading the repayment dates and extending facilities, as appropriate.

Given the current financial debt conditions of the Operations Center in Israel, in particular in the holding company IDBD, the main source of funding has been capital contributions. See Note 24 that includes a description of commitments and restrictions related to loans and renegotiation processes under way.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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6. Segment information

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the CODM. According to IFRS 8, the CODM represents a function whereby strategic decisions are made and resources are assigned. The CODM function is carried out by the President of the Group, Mr. Eduardo S. Elsztain. In addition, and due to the acquisition of IDBD, two responsibility levels have been established for resource allocation and assessment of results of the two operations centers, through executive committees in Argentina and Israel.

Following the control of IDBD, as from this quarter, the Group reports its financial and equity performance based on the new segment structure. Comparative information has been modified to reflect the new organization insofar as possible.

Segment information is now reported from two perspectives: geographic presence and products and services. From the geographic point of view, the Group has established two Operations Centers to manage its global interests: Argentina and Israel. Within each operations center, the Group considers separately the various activities being developed, which represent reporting operating segments given the nature of its products, services, operations and risks. Management believes the operating segment clustering in each operations center reflects similar economic characteristics in each region, as well as similar products and services offered, types of clients and regulatory environments.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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6. Segment information (Continued)

Below is the segment information prepared as follows:

- **Operations Center in Argentina:**

Within this center, the Group operates in the following segments:

- The **"Shopping Centers"** segment includes assets and operating results of the activity of shopping centers portfolio principally comprised of lease and service revenues related to rental of commercial space and other spaces in the shopping centers of the Group.

- The **"Offices and others"** segment includes assets and operating results from lease revenues of office and other rental space and other service revenues related to the office activities.

- The **"Sales and Development"** segment includes assets and operating results of the sales of undeveloped parcels of land and/or trading properties, as the results related with its development and maintenance. Also included in this segment are the results of the sale of real property intended for rent, sales of hotels and other properties included in the international segment.

- The **"Hotels"** segment includes the operating results of hotels mainly comprised of room, catering and restaurant revenues.

- The **"International"** segment includes assets and operating profit or loss from business related to associates Condor and Lipstick. Through these associates, the Group derives revenue from hotels and an office building in United States, respectively. Until September 30, 2014, this segment included revenue from a subsidiary that owned the building located at 183 Madison Ave in New York, United States, which was sold on September 29, 2014. Additionally, until October 11, 2015, this international segment only included results from the investment in IDBD carried at fair value.

o The **"Financial operations and others"** segment primarily includes the financial activities carried out by BHSA and Tarshop and other residual financial operations.

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6. Segment information (Continued)

The CODM periodically reviews the results and certain asset categories and assesses performance of operating segments of this operations center based on a measure of profit or loss of the segment composed by the operating income plus the equity in earnings of associates and joint ventures. The valuation criteria used in preparing this information are consistent with IFRS standards used for the preparation of the consolidated financial statements, except for the following:

- Operating results from joint ventures: Cyrsa S.A., NPSF, Puerto Retiro, Baicom Networks S.A. and Quality are evaluated by the CODM applying proportional consolidation method. Under this method the income/loss generated and assets, are reported in the income statement line-by-line based on the percentage held in joint ventures rather than in a single item as required by IFRS. Management believes that the proportional consolidation method provides more useful information to understand the business return. Moreover, operating results of EHSA joint venture is accounted for under the equity method. Management believes that, in this case, this method provides more adequate information for this type of investment, given its low materiality and considering it is a company without direct trade operations, where the main asset consists of an indirect interest of 25% of LRSA.

- Operating results from Shopping Centers and Offices segments does not include the amounts pertaining to building administration expenses and collective promotion funds ("FPC", as per its Spanish acronym) and so does it exclude total recovered costs, whether by way of building administration expenses or other concepts included under financial income (for example default interest and other concepts). The CODM examines the net amount from these items (total surplus or deficit between building administration expenses and FPC and recoverable expenses).

Information analyzed in relation to Group revenue and assets:

The assets' categories examined by the CODM are: investment properties, property, plant and equipment, trading properties, inventories, investment in associates and goodwill. The sum of these assets, classified by business segment, is reported under "assets by segment". Assets are allocated to each segment based on the operations and/or their physical location.

Within the operations center in Argentina, most revenue from its operating segments are derived from, and their assets are located in, Argentina, except for earnings of associates included in the "International" segment located in United States.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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6. Segment information (Continued)

- **Operations center in Israel:**

Within this center, the Group operates in the following segments:

o The segment **"Commercial Properties"** includes mainly assets and operating income derived from business related to the subsidiary PBC. Through PBC, the Group operates rental properties and residential properties in Israel, United States and other parts of the world and carries out commercial projects in Las Vegas, United States.

o The segment **"Supermarkets"** includes assets and operating income derived from the business related to the subsidiary Shufersal. Through Shufersal, the Group operates a supermarket chain in Israel.

o The segment **"Agrochemicals"** includes income derived from the business related to the associate Adama. Adama is a company specialized in agrochemicals, particularly for the production of crops.

o The segment **"Telecommunications"** includes assets and operating income derived from the business related to the subsidiary Cellcom. Cellcom is a provider of telecommunication services and its main activities include the provision of mobile phone services, fixed line phone services, data and Internet, among others.

o The segment **"Insurance"** includes assets and operating income derived from the business related to Clal. This company is one of the most important insurance groups in Israel, and is mainly engaged in pension and social security insurance, among others.

o **All other segments** include the assets and income derived from other diverse business activities which are not material, such as technological developments, tourism, gas and oil assets, electronics, and others.

The CODM periodically reviews the results and certain asset categories and assesses performance of operating segments of this operations center based on a measure of profit or loss of the segment composed by the operating income plus the equity in earnings of associates and joint ventures. The valuation criteria used in preparing this information are consistent with IFRS standards used for the preparation of the consolidated financial statements, except for the following:

- Operating results of the associate Adama in the segment Agrochemical are evaluated applying proportional consolidation method. Under this method the income/loss generated and assets, are reported in the income statement line-by-line based on the percentage held in the associate rather than in a single item as required by IFRS. Management believes that the proportional consolidation method provides more useful information to understand the business return.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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6. Segment information (Continued)

- Operating income of the Clal subsidiary in the Insurance segment are analyzed from a consolidated perspective. As indicated in Note 9, 51% of the controlling shares of Clal are held in trust following instructions from the Israel Securities Exchange Commission to comply with the sale of the majority stake in Clal. Under this method both income and assets are fully consolidated on a line-by-line basis, and not under one line as if it were a financial instrument reported at fair value, as required by the IFRSs under the current circumstances where control in not exercised.

As indicated under Note 2, the Group decided to consolidate income derived from its operations center in Israel with a three month lag, as adjusted for the effects of significant transactions; hence, operating results of IDBD for the period extending from October 11, 2015 (acquisition date) through December 31, 2015 will be included under interim comprehensive income of the Group for the nine month period to be ending on March 31, 2016. Therefore, segment information pertaining to operating income for the period extending from the acquisition date through December, 31 2015 has not been included.

Furthermore, comparative information has not been modified for as of that date the Group did not exercise control over IDBD. The assessment of this investment was part of the international segment of the operations center in Argentina.

Goods and services exchanged between segments are calculated on the basis of market prices. Intercompany transactions between segments, if any, are eliminated.

As to those business segments where assets are reported under the proportional consolidation method, each reported asset includes the proportional share of the Group in the same class of assets of the associates and/or joint ventures. Only as an example, the amount of investment properties reported includes (i) the balance of investment properties as stated in the statement of financial position, plus (ii) the Group's share in the balances of investment properties of associates and joint ventures.

Within the operations center in Israel, most revenue from its operating segments are derived from, and their assets are located in, Israel, except for part of earnings from the segment Commercial Properties, from activities outside Israel, mainly in United States.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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6. Segment information (Continued)

Below is a summarized analysis of the lines of business of Group's operations center in Argentina for the period ended December 31, 2015:

	December 31, 2015 Operations center in Argentina						
	Shopping Center	**Offices and others**	**Sales and developments**	**Hotels**	**International**	**Financial operations and others**	**Total**
Revenues	1,193	145	5	244	-	-	1,587
Costs	(176)	(26)	(10)	(170)	-	-	(382)
Gross Profit / (Loss)	**1,017**	**119**	**(5)**	**74**	**-**	**-**	**1,205**
Gain from disposal of investment property	-	-	1,029	-	-	-	1,029
General and administrative expenses	(81)	(16)	(72)	(49)	(59)	-	(277)
Selling expenses	(64)	(18)	(10)	(29)	-	-	(121)
Other operating results, net	(18)	(1)	(5)	(1)	146	2	123
Profit / (Loss) from operations	**854**	**84**	**937**	**(5)**	**87**	**2**	**1,959**
Share of profit / (loss) of associates and joint ventures	-	8	6	-	(579)	161	(404)
Segment Profit / (Loss)	**854**	**92**	**943**	**(5)**	**(492)**	**163**	**1,555**

Investment properties	2,347	861	321	-	-	-	3,529
Property, plant and equipment	47	20	1	161	2	-	231
Trading properties	-	-	179	-	-	-	179
Goodwill	7	4	-	-	-	-	11
Right to receive future units under barter agreements	-	-	90	-	-	-	90
Inventories	16	-	1	8	-	-	25
Investments in associates and joint ventures	-	24	62	-	61	1,584	1,731
Operating assets	**2,417**	**909**	**654**	**169**	**63**	**1,584**	**5,796**

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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6. Segment information (Continued)

Below is a summarized analysis of the lines of business of Group's operations center in Argentina for the period ended December 31, 2014:

	December 31, 2014 Operations center in Argentina						
	Shopping Center	**Offices and other**	**Sales and developments**	**Hotels**	**International**	**Financial operations and others**	**Total**
Revenues	867	163	7	213	26	-	1,276
Costs	(124)	(20)	(8)	(139)	(7)	-	(298)
Gross Profit / (Loss)	**743**	**143**	**(1)**	**74**	**19**	**-**	**978**
Gain from disposal of investment property	-	-	801	-	-	-	801
General and administrative expenses	(56)	(24)	(21)	(37)	(27)	-	(165)
Selling expenses	(46)	(7)	(4)	(28)	-	-	(85)
Other operating results, net	(14)	(113)	(1)	-	187	8	67
Profit / (Loss) from operations	**627**	**(1)**	**774**	**9**	**179**	**8**	**1,596**
Share of profit / (loss) of associates and joint ventures	-	3	2	1	(779)	84	(689)
Segment Profit / (Loss)	**627**	**2**	**776**	**10**	**(600)**	**92**	**907**

Investment properties	2,288	715	637	-	-	-	3,640
Property, plant and equipment	30	26	1	162	1	-	220
Trading properties	-	-	139	-	-	-	139
Goodwill	2	9	-	-	-	-	11
Right to receive future units under barter agreements	9	5	76	-	-	-	90
Inventories	13	-	1	7	-	-	21
Investments in associates and joint ventures	-	27	47	23	406	1,337	1,840
Operating assets	**2,342**	**782**	**901**	**192**	**407**	**1,337**	**5,961**

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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6. Segment information (Continued)

Below is a summarized analysis of the lines of business of Group's operations center in Israel of the Group for the period ended December 31, 2015:

	Operations center in Israel						
	Commercial properties	**Supermarkets**	**Agrochemicals**	**Telecommunications**	**Insurances**	**Others**	**Total**
Operating assets	53,138	24,706	62,570	20,816	314,116	2,979	478,325
Operating liabilities	(44,112)	(21,048)	(50,615)	(16,893)	(299,343)	(2,061)	(433,972)
Operating Assets (Liabilities), net	9,026	3,658	11,955	3,923	14,873	918	44,353

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6. Segment information (Continued)

The following tables present a reconciliation between the total results of operations as per segment information of the operations center in Argentina and the results of operations as per the statements of income. The adjustments relate to the presentation of the results of operations of joint ventures accounted for under the equity method under IFRS and the non-elimination of the inter-segment transactions.

	December 31, 2015				
	Total as per segment information	**Adjustment for share of profit / (loss) of joint ventures**	**Expenses and FPC**	**Adjustment to income for elimination of inter-segment transactions**	**Total as per Statement of income**
Revenues from sales, rents and services	1,587	(15)	-	(2)	1,570
Income from expenses and FPC	-	-	594	-	594
Costs	(382)	9	(602)	3	(972)
Gross profit	**1,205**	**(6)**	**(8)**	**1**	**1,192**
Gain from disposal of investment properties	1,029	-	-		1,029
General and administrative expenses	(277)	1	-	3	(273)
Selling expenses	(121)	1	-	-	(120)
Other operating results, net	123	1	-	(4)	120
Profit from operations	**1,959**	**(3)**	**(8)**	**-**	**1,948**

Share of (loss) / profit of associates and joint ventures	(404)	6	-	-	(398)
Net segment profit / (loss) before financing and taxation	**1,555**	**3**	**(8)**	**-**	**1,550**

	December 31, 2014				
	Total as per segment information	**Adjustment for share of profit / (loss) of joint ventures**	**Expenses and FPC**	**Adjustment to income for elimination of inter segment transactions**	**Total as per Statement of income**
Revenues from sales, rents and services	1,276	(14)	-	(3)	1,259
Income from expenses and FPC	-	-	439	-	439
Costs	(298)	5	(445)	3	(735)
Gross profit	**978**	**(9)**	**(6)**	**-**	**963**
Gain from disposal of investment properties	801	-	-	-	801
General and administrative expenses	(165)	2	-	1	(162)
Selling expenses	(85)	1	-	-	(84)
Other operating results, net	67	2	-	(1)	68
Profit from operations	**1,596**	**(4)**	**(6)**	**-**	**1,586**
Share of (loss) / profit of associates	(689)	8	-	-	(681)
Net segment profit ((loss) before financing and taxation	**907**	**4**	**(6)**	**-**	**905**

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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6. Segment information (Continued)

The following tables present a reconciliation between total segment assets and liabilities as per segment information of operations centers in Argentina and Israel and total assets as per the statement of financial position.

	December 31, 2015			June 30, 2015
	Operations center in Argentina	**Operations center in Israel**	**Total**	**Operations center in Argentina**
Total assets per segment based on segment information	**5,796**	**478,325**	**484,121**	**5,961**
Less:				
Proportionate share in assets per segment of joint ventures and other associates (2)	(119)	-	(119)	(156)
Adjustments for deconsolidation of Adama and Clal, among others	-	(344,747)	(344,747)	-
Plus:				
Fair value adjustments due to business combination	-	(10,237)	(10,237)	-
Adjustments due to significant operations of the reported period	-	(1,072)	(1,072)	-
Investment in joint ventures and other associates (1)	172	-	172	159
Other non-reportable assets	5,802	-	5,802	3,341
Total assets per segment as per statement of financial position	**11,651**	**122,269**	**133,920**	**9,305**

	December 31, 2015			June 30, 2015
	Operations center in Argentina	**Operations center in Israel**	**Total**	**Operations center in Argentina**

Total liabilities per segment based on segment information..	**-**	**(433,972)**	**(433,972)**	**-**
Less:				
Adjustments for deconsolidation of Adama and Clal, among others	-	313,891	313,891	-
Plus:				
Fair value adjustments due to business combination	-	2,372	2,372	-
Adjustments due to significant operations of the reported period	-	700	700	-
Other non-reportable assets	(11,162)	-	(11,162)	(7,077)
Total liabilities per segment as per statement of financial position	**(11,162)**	**(117,009)**	**(128,171)**	**(7,077)**

(1) Represents the proportionate equity value of joint ventures and other associates that were proportionately consolidated for information by segment purposes.

(2) Below is a detail of the proportionate share in assets by segment of joint ventures of the operations center in Argentina, included in the information reported by segment:

	December 31, 2015	**December 31, 2015**
Investment properties	112	144
Property, plant and equipment	1	-
Trading properties	1	6
Goodwill	5	6
Total proportionate share in assets per segment of joint ventures	**119**	**156**

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7. Information about the main subsidiaries

The Group conducts its business through several operating and holding subsidiaries. The Group considers that the subsidiaries below are the ones with non-controlling interests material to the Group. Significant non-controlling interests have changed following the business combination. As of December 31, 2015 and June 30, 2015, significant non-controlling interests pertain to the operations center in Israel and the operations center in Argentina, respectively.

At December 31, 2015

	Non-controlling shareholders interest %	**Current Assets**	**Non-current Assets**	**Current Liabilities**	**Non-Current liabilities**	**Net assets**	**Book Values of Non-controlling interests**	**Revenue**	**Net incom equity**
DFL (1)	8.43%	1,112	1,395	1,794	-	713	(118)	-	(1,273
IDBD (2)	51%	41,093	77,693	34,163	83,550	1,073	6,637	-	
Elron (4)	49.7%	2,235	644	105	26	2,748	-	-	
PBC (4)	23.5%	10,373	40,102	7,575	33,126	9,774	-	-	
Cellcom (4)	58.2%	8,051	12,765	6,068	10,825	3,923	-	-	
Shufersal (4)	50.4%	10,564	14,142	11,499	9,549	3,658	-	-	
							6,519		

At June 30, 2015

Non-controlling shareholders	**Current Assets**	**Non-current Assets**	**Current Liabilities**	**Non-Current Liabilities**	**Net assets**	**Book Values**	**Revenue**

	interest %						**of non-controlling interest**	**i**
PAMSA (5)	20.00%	488	518	310	21	675	129	175
DFL (1)	8.43%	330	1,729	299	264	1,496	13	-
Rigby (1)	25.50%	19	-	-	-	19	5	28
RES (6)	33.17%	30	356	11	14	361	120	N/A
							267	

N/A: Not applicable. Not considered a significant non-controlling interest

(1) Corresponds to the Group's indirect interest. The percentage of the non-controlling interest represents the equity interest which is not owned by Tyrus.

(2) Corresponds to the Group's indirect interest. The percentage of the non-controlling interest represents the equity interest which is not owned by DFL.

(3) Corresponds to the Group's indirect interest. The percentage of the non-controlling interest represents the equity interest which is not owned by IDBD.

(4) Corresponds to the Group's indirect interest. The percentage of the non-controlling interest represents the equity interest which is not owned by DIC.

(5) Corresponds to the Group's indirect interest. The percentage of the non-controlling interest represents the equity interest which is not owned by IRSA CP.

(6) Corresponds to the Group's indirect interest. The percentage of the non-controlling interest represents the equity interest which is not owned by Efanur.

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7. Information about principal subsidiaries (Continued)

Cellcom is the largest provider of mobile telecommunications in Israel; it offers its services approximately to 2,900 million subscribers with a wide range of services. By the end of 2014, the Company launched television services over the Internet. Under Israeli laws, in order for a shareholder to be able to exert control over a Telecommunications Company, such shareholder must first secure the approval of the Ministry of Communications of Israel. Such approval, consequence of change in control of IDBD, has not yet been obtained.

In November 2015, Cellcom entered into an agreement, subject to approval, with Golan Telecom Ltd. ("Golan") and its shareholders to acquire all of Golan’s shares for a price of NIS 1,170 million (or $ 3,900 million, at the exchange rate of 3.35), subject to certain adjustments. To complete the transaction, Cellcom intends to raise funds by way of a public offering and DIC expects to subscribe shares for up to NIS 100 million (or $ 335 million at the exchange rate of 3.35) at that public offering to maintain its current equity interests.

In December 2015, PBC, issued three series of debentures under the current programs for an aggregate amount of NIS 417 million (or $ 1,397 million at the exchange rate of 3.35).

In November 2015, IDBD, through IDB Tourism, renegotiated the terms and conditions of the loan for the purchase of aircrafts mentioned in Note 24. Among other things, the renegotiation involved the extension of the loan term and the purchase of a new Airbus. As of the date of these financial statements, the outstanding debt amounts to US$ 53 million.

8. Investments in associates and joint ventures

As of June 30, 2015, the Group's associates were New Lipstick, BHSA, IDBD, Tarshop, Manibil S.A., Lipstick and BACS and the Groups' joint ventures were Cyrsa S.A., Puerto Retiro, Baicom Networks S.A., Quality, NPSF, Entretenimiento Universal S.A. and EHSA. The shares of these investments are not publicly traded except for BHSA and IDBD.

As of December 31, 2015, following IDBD's consolidation, Adama, Mehadrin Ltd., PBEL Real Estate Ltd., Gav-Yam Properties in Lod, were included as associates, among others.

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8. Investments in associates and joint ventures (Continued)

Changes in the Group's investments in associates and joint ventures for the six-month period ended December 31, 2015 and for the year ended June 30, 2015 were as follows:

	December 31, 2015	June 30, 2015
Beginning of the period / year	**2,810**	**2,084**
Acquisition / Increase in equity interest (Note 4)	-	1,255
Decrease for the taking over (Note 4)	(1,047)	-
Balance incorporated by business combination (Note 4)	9,043	-
Capital contributions	45	39
Share of profit / (loss)	166	(21)
Currency translation adjustment	3,605	87
Cash dividends (ii)	(4)	(47)
Sale of equity interest (Note 4)	(8)	(34)
Reclassification to financial instruments (Note 4)	-	(30)
Capital reduction (iii)	-	(111)
Net loss on investments at fair value	(564)	(412)
End of the period / year (i)	**14,046**	**2,810**

(i) Includes Ps. (582) and Ps. (363) reflecting interests in companies with negative equity as of December 31, and June 30, 2015, respectively, which are disclosed in "Provisions" (Note 23).

(ii) For the period ended December 31, 2015, the Group cashed dividends from NPSF in the amount of Ps. 4. During the period ended June 30, 2015, the Group cashed dividends from BHSA in the amount of Ps. 13, from Cyrsa S.A. in the amount of Ps. 31 and from NPSF in the amount of Ps. 3.

(iii)

During the year ended June 30, 2015, Cyrsa S.A. distributed dividends due to capital reduction in the amount of Ps. 111.

Restrictions, commitments and other matters in respect of investments in Operations Center Argentina

Legal reserve applicable to the Argentine Companies

According to the Argentine laws, 5% of the profit of the year is separated to constitute legal reserve until they reach legal capped amounts (20% of total capital). This legal reserve is not available for the dividend distribution and can only be released to absorb losses. The Group's investments under these laws have not reached the legal capped amounts.

There are no contingent liabilities relating to the Group's interest in associates and joint ventures.

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8. Investments in associates and joint ventures (Continued)

Quality

In March 2011, Quality purchased an industrial plant located in San Martín, Province of Buenos Aires. The facilities have the necessary features and scales for multiple uses.

On January 20, 2015, Quality entered into an Urbanization Agreement with the Municipality of San Martin which contemplates a monetary compensation to the City Council totaling Ps. 40, payable in two installments of Ps. 20 each. The first of such installments was paid at the date of these financial statements.

EHSA

During November 2012, IRSA CP acquired shares of common stock, representing 50% of Entertainment Holdings S.A. ("EHSA")'s capital stock and votes and as a consequence IRSA CP holds a jointly indirect interest in LRSA of 25% which operates the Exhibition Center "Predio Ferial de Buenos Aires".

In connection with the Exhibition Center, in December 2012 the Executive Branch issued Executive Order 2552/12 that annulled an executive order dated 1991 which approved the sale of the Exhibition Center to the SRA; the effect of this new order was to revoke the sale transaction. Although several resolutions have been issued since that point, to the date, we are not aware of any judicial measure petitioned by the owner of the Plot of Land and/or the National Government, or the corresponding appeals or rulings, may have affected the actual use of the Plot of Land.

Puerto Retiro

On April 18, 2000, Puerto Retiro was notified of a filing made by the National Government, through the Ministry of Defense, to extend the petition in bankruptcy of Indarsa to Puerto Retiro. At the request of plaintiff, the bankruptcy court for the Buenos Aires District issued an order restraining the ability of Puerto Retiro to sell or dispose in any manner the land. Indarsa had acquired 90% of the capital stock of Tandanor to a formerly estate owned company in 1991.

Indarsa did not comply with the payment of the outstanding price for the acquisition of the stock of Tandanor, and therefore the Ministry of Defense requested the bankruptcy of Indarsa, pursuing to extend the bankruptcy to Puerto Retiro.

In addition, Tandanor filed a civil action against Puerto Retiro and other accused parties in the criminal case for violation of section 174 subsection 5, under section 173 subsection 7 of Criminal Code. The claim expects that upon invalidation of executive order that approved the bid of Dársena Norte plot of land, Tandanor be reimbursed any other sum of money that it claims to have lost due to the alleged fraudulent purchase-sale transaction of the real property disputed in the case.

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8. Investments in associates and joint ventures (Continued)

The Management and legal advisors of Puerto Retiro estimate that there are legal and technical issues to consider that the request for bankruptcy will be denied by the court as well as the fraud action. However, given the current status of the case, we cannot predict its outcome.

Tarshop

Over the past two years, the BCRA modified certain aspects of the regulatory framework of the activities carried out by Tarshop. Based on these changes, our Associate is going through a business reformulation process. In this context, the BHSA and IRSA CP approved a gradual capitalization plan to be carried out by shareholders pro rata their holdings, under which certain contributions were already made for a total amount of Ps. 235.

New Lipstick

New Lipstick has a pledge over the shares of its operating subsidiary Metropolitan. Metropolitan owns the building known as Lipstick Building in Manhattan.

Restrictions, commitments and other matters in respect of investments of the operations center in Israel

Adama

Adama is specialized in the chemical industry, mainly, in the agrochemical industry. In this framework, Adama is engaged in developing, manufacturing and selling crop protection products, while also operating in other areas based on its basic capacities (the agricultural and chemical sectors), but to a immaterial extent.

In 2011, IDBD sold 60% of Adama's shares to China National Agrochemical Corporation ("ChemChina") and was also granted a non-recourse loan in the aggregate amount of US$ 960, which is secured by the 40% of the shares held by IDBD as of December 31, 2015. The loan is disclosed in Note 24 under Non-current loans.

IDBD through DIC reported a potential transaction whereby Koor and ChemChina would transfer their entire interests (40% and 60%, respectively) in Adama to Hubei Sanonda Co. Ltd., a Chinese public company whose shares are listed in the Shenzhen Stock Exchange, China ("Sanonda"). Sanonda's shares would be delivered as consideration for the transaction in such amount that, following the transaction, Adama would become a wholly-owned subsidiary of Sanonda and Koor would be a shareholder of Sanonda. Pursuant to Chinese laws, Sanonda's shares owned by Koor would be subject to a lock-up period of 3 years.

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8. Investments in associates and joint ventures (Continued)

On December 2015 Adama distributed a cash dividend for an amount of US$ 100, out of which US$ 40 pertains to DIC and was used to partially settle the non-recourse loan.

9. Financial assets held for sale - Clal, among others

The composition of assets held for sale as of December 31, 2015 is as follows:

	December 31, 2015
Clal	4,845
Others	198
	5,043

Clal is a holding company that mainly operates in the insurance and pension markets and in segments of pension funds. The company holds assets and other businesses (such as insurance agencies) and is one of the largest insurance groups in Israel. Clal mainly develops its activities in three operating segments: long-term savings, general insurance and health insurance.

Given that IDBD failed to meet the requirements set forth by the Capital Markets, Insurance and Savings Commission, which is dependent on the Ministry of Finance of Israel, to have control over an insurance company, on August 21, 2013, such commission required that IDBD grant an irrevocable power of attorney to Mr. Moshe Tery ("the Administrator") by 51% of the shareholding capital and vote interests in Clal, thus transferring control over that investee.

On December 30, 2014, the Insurance Commission sent an additional letter setting a term by which IDBD's control over and equity interests in Clal were to be sold and giving directions as to the Administrator's continuity in office, among other aspects.

The sale arrangement outlined in the letter involves IDBD's and the Administrator's interests in the sale process under different options and timeframes. As of December 31, 2015, the current sale arrangement involves the sale of the interest in the stock exchange or in over-the-counter trades, as per the following detail and by the following dates:

a. IDBD will have to sell at least 5% of its equity interest in Clal over a four-month period;

b. During each of the subsequent four-month periods, IDBD will have to sell at least an additional 5% of its equity interest in Clal.

c. If IDBD sells more than 5% of its equity interest in Clal in any given four-month period, the percentage in excess of the required 5% will be offset against the percentage required in the following period.

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9. Financial assets held for sale - Clal, among others (Continued)

IDBD's failure to fulfill its obligation in the manner described in the above paragraph will entitle the Administrator to act upon the specified arrangement in lieu of IDBD, pursuant to all powers that had been vested under the representations of the trust letter. The consideration for the sale will be transferred to IDBD, with the expenses incurred in the sale process to be solely borne by IDBD.

On December 31, 2015 the holding of IDBD to Clal was of 55%, and as a result of the circumstances mentioned above, IDBD has accounted for it as an available-for-sale financial asset. Valuation as of December 31, 2015 amounts to $ 5,810, and a loss of $ 797 has been recorded reflecting the fall in the share price.

Claims against Clal

On the aggregate, all legal actions brought against Clal's investees out of the ordinary course of business amount to approximately NIS 14,339 (or Ps. 48,036 at the exchange rate of 3.35).

The Group set up a reserve for all legal actions brought against Clal's investees out of the ordinary course of business in the amount of NIS 93 million (or Ps. 312 at the exchange rate of 3.35). Most legal actions are related to consumer claims and derivative actions.

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10. Investment properties

Changes in the Group's investment properties for the six-month period ended December 31, 2015 and for the year ended June 30, 2015 were as follows:

	Operations Center Argentina				**Operations Center Israel**			
	Rental properties (II)	**Undeveloped parcel of lands**	**Properties under development**	**Subtotal**	**Rental properties**	**Undeveloped parcel of lands**	**Properties under development**	**Subt**
At July 1st, 2014:								
Costs	4,158	368	363	4,889	-	-	-	
Accumulated depreciation	(1,619)	-	-	(1,619)	-	-	-	
Residual value	**2,539**	**368**	**363**	**3,270**	**-**	**-**	**-**	
Year ended June 30, 2015								
Opening residual value	2,539	368	363	3,270	-	-	-	
Additions	280	2	187	469	-	-	-	
Transfers	513	25	(539)	(1)	-	-	-	
Transfers to property, plant and equipment	10	-	(9)	1	-	-	-	
	(3)	-	-	(3)	-	-	-	

Transfers to trading property								
Disposals	(94)	(3)	(2)	(99)	-	-	-	
Depreciation (i)	(147)	-	-	(147)	-	-	-	
Residual value at the year end	**3,098**	**392**	**-**	**3,490**	**-**	**-**	**-**	
At June 30, 2015:	-							
Costs	4,865	392	-	5,257	-	-	-	
Accumulated depreciation	(1,767)	-	-	(1,767)	-	-	-	
Residual value	**3,098**	**392**	**-**	**3,490**	**-**	**-**	**-**	
Period ended December 31, 2015:								
Opening residual value	3,098	392	-	3,490	-	-	-	
Additions	102	-	-	102	-	-	-	
Transfers	-	(95)	95	-	-	-	-	
Transfers to property, plant and equipment	6	-	-	6	-	-	-	
Transfers to trading properties	-	(15)	-	(15)	-	-	-	
Disposals	(75)	(3)	-	(78)	-	-	-	
Balances incorporated by business combination (see Note 4)	-	-	-	-	24,927	1,258	2,636	28,
Currency translation adjustment	-	-	-	-	9,133	461	966	10,
Depreciation (i)	(88)	-	-	(88)	-	-	-	
Closing residual value	**3,043**	**279**	**95**	**3,417**	**34,060**	**1,719**	**3,602**	**39,**
At December 31, 2015:								
Costs	4,898	279	95	5,272	34,060	1,719	3,602	39,

Accumulated depreciation	(1,855)	-	-	(1,855)	-	-	-	
Residual value	**3,043**	**279**	**95**	**3,417**	**34,060**	**1,719**	**3,602**	**39,**

(i) Depreciation charges of investment properties were included in "Costs" in the statement of income (Note 29).

(ii) Arcos del Gourmet, concession status: The National State issued Executive Order 1723/2012 whereby several plots of land located in prior rail yards of Palermo, Liniers and Caballito rail stations ceased to be used for rail purposes, in order to be used for development of integral urbanization projects. Arcos del Gourmet S.A. has filed the relevant administrative remedies (appeal) and has also filed a judicial action requesting that the revocation of such concession be overruled. Furthermore, it has started a so-called "juicio de consignación", that is an action where the plaintiff deposits with the court sums of money that the defendant refuses to accept. Under this legal action, the company has deposited in due time and form all rental payments under the Contract for Reformulation of the Concession of Rights of Use and Development, which the Company considers to have been unduly revoked.

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10. Investment properties (Continued)

The following amounts have been recognized in the statement of income:

	December 31, 2015	**December 31, 2014**
Rental and service income	1,326	1,040
Income from expenses adjustment and FPC	594	439
Direct operating expenses	(795)	(590)
Development expenditures	(7)	(6)
Gain from disposal of investment property	1,029	801

Borrowing costs incurred during the six-month period ended December 31, 2014 of Ps. 9.8, were capitalized at the rate of the IRSA CP's general borrowings, which amounted to 15%. Those costs correspond to Alto Comahue. Capitalization of financial costs has ceased since the completion of the shopping mall, therefore, financial costs have not been capitalized as of December 31, 2015.

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11. Property, plant and equipment

Changes in the Group's property, plant and equipment for the six-month period ended December 31, 2015 and for the year ended June 30, 2015 were as follows:

	Operations Center Argentina			**Operations Center Israel**					
	Buildings and facilities	**Others (i)**	**Subtotal**	**Buildings and facilities**	**Communication networks**	**Machinery and equipment**	**Others**	**Subtotal**	**Total**
At July 1st, 2014:									
Costs	466	115	581	-	-	-	-	-	581
Accumulated depreciation	(270)	(92)	(362)	-	-	-	-	-	(362)
Residual value	196	23	219	**-**	**-**	**-**	**-**	**-**	219
Year ended June 30, 2015									
Opening residual value	196	23	219	-	-	-	-	-	219
Additions	21	29	50	-	-	-	-	-	50
Transfers of investment properties	(10)	9	(1)	-	-	-	-	-	(1)
Depreciation (II)	(14)	(11)	(25)	-	-	-	-	-	(25)
	193	**50**	**243**	**-**	**-**	**-**	**-**	**-**	**243**

Residual value at the year end									
At June 30, 2015:									
Costs	478	152	630	-	-	-	-	-	630
Accumulated depreciation	(285)	(102)	(387)	-	-	-	-	-	(387)
Residual value	**193**	**50**	**243**	**-**	**-**	**-**	**-**	**-**	**243**
Period ended December 31, 2015									
Opening residual value	193	50	243	-	-	-	-	-	243
Assets incorporated by business combination (Note 4)	-	-	-	6,665	3,710	1,694	1,665	13,734	13,734
Additions	4	7	11	-	-	-	-	-	11
Currency translation adjustment	-	-	-	2,442	1,359	621	610	5,032	5,032
Transfers of investment properties	(6)	-	(6)	-	-	-	-	-	(6)
Depreciation (ii)	(9)	(8)	(17)	-	-	-	-	-	(17)
Closing residual value	**182**	**49**	**231**	**9,107**	**5,069**	**2,315**	**2,275**	**18,766**	**18,997**
At December 31, 2015:									
Costs	477	159	636	9,107	5,069	2,315	2,275	18,766	19,402
Accumulated depreciation	(295)	(110)	(405)	-	-	-	-	-	(405)
Residual value	**182**	**49**	**231**	**9,107**	**5,069**	**2,315**	**2,275**	**18,766**	**18,997**

(i) Include furniture and fixtures, machinery and equipment and vehicles.

(ii) Depreciation charges of property, plant and equipment were included in “General and administrative expenses and Costs” in the statement of income (Note 29).

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12. Trading properties

Changes in the Group's trading properties for the six-month period ended December 31, 2015 and for the year ended June 30, 2015 were as follows:

	Operations Center Argentina				**Operations Center Israel**			
	Completed properties	**Properties under development**	**Undeveloped sites**	**Subtotal**	**Completed properties**	**Properties under development**	**Undeveloped sites**	**Subt**
At July 1st, 2014	**6**	**119**	**10**	**135**	**-**	**-**	**-**	
Additions	-	1	-	1	-	-	-	
Currency translation adjustment	-	(6)	-	(6)	-	-	-	
Transfers of investment properties	-	-	3	3	-	-	-	
Disposals	(2)	-	-	(2)	-	-	-	
At June 30, 2015	**4**	**114**	**13**	**131**	**-**	**-**	**-**	
Assets incorporated by business combination (see Note 4)	-	-	-	-	110	885	1,442	2,
Additions	-	1	-	1	-	-	-	
Currency translation	-	31	-	31	40	324	528	

adjustment								
Transfers of investment properties	-	15	-	15	-	-	-	
Disposals	(1)	-	-	(1)	-	-	-	
At December 31, 2015	**3**	**161**	**13**	**177**	**150**	**1,209**	**1,970**	**3,**

	December 31, 2015	**June 30, 2015**
Non-current	1,295	128
Current	2,211	3
Total	**3,506**	**131**

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13. Intangible assets

Changes in the Group's intangible assets for the six-month period ended December 31, 2015 and for the year ended June 30, 2015 were as follows:

	Operations Center Argentina					Operations Center Israel				
	Goodwill	Rights of use (ii)	Right to receive future units under barter agreements (iii)	Others (iv)	Subtotal	Goodwill not yet allocated	Licenses	Information systems and software	Others	Subtot
At July 1st, 2014										
Costs	6	21	85	30	142	-	-	-	-	
Accumulated depreciation	-	-	-	(18)	(18)	-	-	-	-	
Residual value	**6**	**21**	**85**	**12**	**124**	**-**	**-**	**-**	**-**	
Year ended June 30, 2015										
Opening residual value	6	21	85	12	124	-	-	-	-	
Additions	-	-	5	1	6	-	-	-	-	
Disposals	-	-	-	-	-	-	-	-	-	
Depreciation (i)	-	(1)	-	(2)	(3)	-	-	-	-	

Residual value at the year end	**6**	**20**	**90**	**11**	**127**	**-**	**-**	**-**	**-**	
At June 30, 2015										
Costs	6	21	90	31	148	-	-	-	-	
Accumulated depreciation	-	(1)	-	(20)	(21)	-	-	-	-	
Residual value	**6**	**20**	**90**	**11**	**127**	**-**	**-**	**-**	**-**	
Period ended December 31, 2015										
Opening residual value	6	20	90	11	127	-	-	-	-	
Assets incorporated by business combination (see Note 4)	-	-	-	-	-	1,901	510	635	143	3,18
Currency translation adjustment	-	-	-	-	-	1,857	187	233	52	2,32
Depreciation (i)	-	-	-	(1)	(1)	-	-	-	-	
Closing residual value	**6**	**20**	**90**	**10**	**126**	**3,758**	**697**	**868**	**195**	**5,5**
Period ended December 31, 2015										
Costs	6	21	90	31	148	3,758	697	868	195	5,5
Accumulated depreciation	-	(1)	-	(21)	(22)	-	-	-	-	
Residual value	**6**	**20**	**90**	**10**	**126**	**3,758**	**697**	**868**	**195**	**5,5**

(i) Amortization charges of intangible assets are included in “General and administrative expenses” in the statement of income (Note 29). There are no impairment charges for any of the years / period presented.

(ii) Correspond to Distrito Arcos Depreciation began in January, 2015, upon delivery of the shopping center.

(iii) Correspond to receivables in kind representing the right to receive residential apartments in the future by way of barter agreements.

(iv) Includes computer software and others.

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14. Inventories

Breakdown of Group's inventories as of December 31, 2015 and June 30, 2015 were as follows:

	December 31, 2015			June 30, 2015
	Operations Center Argentina	**Operations Center Israel**	**Total**	**Operations Center Argentina**
Current				
Good for resale and supplies	8	2,171	2,179	7
Telephones and others communications equipment	-	235	235	-
Manufactured good and spare parts	17	84	101	16
Total inventories	**25**	**2,490**	**2,515**	**23**

15. Financial instruments by category

Determination of fair values

The fair value hierarchy adopted by the Group is described in Note 15 to the Annual Financial Statements.

The following tables present the Group's financial assets and financial liabilities that are measured at fair value as of December 31 and June 30, 2015 and their allocation to the fair value hierarchy:

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets				
Operations Center Argentina				
Financial assets at fair value through profit or loss:				
- Public companies securities	129	-	242	371
- Private companies securities	147	-	-	147
- Mutual funds	477	-	-	477
- Bonds	816	-	-	816
Derivative financial instruments:				
- Foreign-currency future contracts	-	46	-	46
- Interest rate swaps	-	-	-	-
Cash and cash equivalents:				
- Mutual funds	5	-	-	5
Total operations center Argentina assets	**1,574**	**46**	**242**	**1,862**
Operations Center Israel				
Financial assets at fair value through profit or loss:				
Public companies securities	10	-	-	10
Private companies securities	-	747	-	747
- Deposits	-	67	-	67
- Mutual funds	1,585	-	-	1,585
- Bonds	5,163	-	-	5,163
- Others	-	1,560	-	1,560
Derivative financial instruments:				
- Derivatives	-	20	-	20
- Trade receivables and others current	-	-	1,621	1,621
- Financial assets held for sale	5,043	-	-	5,043
Total operations center Israel assets	**11,801**	**2,394**	**1,621**	**15,816**
Total assets	**13,376**	**2,439**	**1,863**	**17,678**

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15. Financial instruments by category (Continued)

	December 31, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities				
Operations Center Argentina				
Derivative financial instruments:				
- Foreign-currency future commitments	-	12	-	12
Borrowings:				
- Other borrowings	-	-	24	24
Total operations center Argentina liabilities	**-**	**12**	**24**	**36**
Operations Center Israel				
Derivative financial instruments:				
- DIC and Cellcom derivatives	-	141	-	141
Borrowings:				
- Non-recourse loan	-	-	10,025	10,025
Total operations center Israel liabilities	-	141	10,025	10,166
Total liabilities	**-**	**153**	**10,049**	**10,202**

	June 30, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Operations Center Argentina				
Financial assets at fair value through profit or loss:				
- Public companies securities	89	-	349	438
- Private companies securities	102	-		102
- Mutual funds	145	-	-	145

- Bonds	103	-	-	103
Derivative financial instruments:				
- Warrants of IDBD	228	-	-	228
- Warrants of Condor	-	-	7	7
Cash and cash equivalents:				
- Mutual funds	2	-	-	2
Investment in associates:				
- IDBD	1,529	-	-	1,529
Total assets	**2,198**	**-**	**356**	**2,554**

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15. Financial instruments by category (Continued)

	June 30, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities				
Operations Center Argentina				
Derivative financial instruments:				
- Commitment to tender offer shares in IDBD	-	-	501	501
Borrowings:				
- Other borrowings	-	26	-	26
Total liabilities	**-**	**26**	**501**	**527**

The following table presents the changes in Level 3 instruments as of December 31 and June 30, 2015:

	Preferred shares of Condor	**Non-current trade receivables**	**Warrants of Condor**	**Investment in associate IDBD**	**Commitment to tender offer of shares in IDBD**	**Borrowings**	**Total**
Total as of June 30, 2014	**211**	**-**	**-**	**-**	**(321)**	**-**	**(110)**
Currency translation adjustment	-	-	-	-	(45)	-	(45)
Total gains / (losses) for the year	138	-	7	-	(135)	-	10
Balance at June 30, 2015	**349**	**-**	**7**	**-**	**(501)**	**-**	**(145)**

Transfer to level 3	-	-	-	1,529	-	(26)	1,503
Cumulative translation adjustment	-	434	-	85	(18)	(2,689)	(2,188)
Acquisition of control over IDBD	-	1,187	-	(1,050)	500	(7,337)	(6,700)
Total losses / gain for the period (i)	(107)	-	(7)	(564)	19	3	(656)
Balance at December 31, 2015	**242**	**1,621**	**-**	**-**	**-**	**(10,049)**	**(8,186)**

(i) The gain / (loss) is not realized as of December 31, 2015 and June 30, 2015 and is accounted for under "Financial results, net" in the statement of income (Note 32).

Non-recourse loan

IDBD resorts to an independent appraiser to determine the value of the non-recourse loan. The valuation model is a binomial tree where the main variable is Adama's share price.

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15. Financial instruments by category (Continued)

Securities and warrants of Condor

Upon initial recognition (January, 2012), the consideration paid for the Shares and Warrants of Condor was assigned to both instruments based on the relative fair values of those instruments upon acquisition. The fair values of these instruments exceeded the price of the transaction and were assessed using a valuation method that incorporates unobservable market data. Given the fact that the fair value of these instruments was estimated by applying the mentioned method, the Group did not recognize a gain of US$ 7.9 million at the time of initial recognition.

According to Group estimates, all things being constant, a 10% decline in the price of the underlying assets of preferred Shares and Warrants of Condor (data observed in the market) of Level 3 as of December 31, 2015, would reduce pre-tax income by Ps. 28.6 million.

According to Group estimates, all things being constant, a 10% increase in the credit spread (data which is not observable in the market) of the preferred Shares and Warrants of Condor used in the valuation model applied to Level 3 financial instruments as of December 31, 2015, would increase pre-tax income by Ps. 2.6 million. The rate used as of December 31, 2015 was 14.10%.

Investment in IDBD, associate and warrants

As described in Note 3 to the annual financial statements, in Note 15 to the financial consolidated statements as of September 30, 2015 and until acquiring control over IDBD, the Group stated its equity interest in IDBD as an associate measured at fair value, invoking the exception under IAS 28 and the warrants to acquire IDBD's common shares were booked at their quoted prices. Since October 11, 2015, as result of consolidation, the equity interest in IDBD as an associate and the warrants were eliminated following the consolidation to add IDBD's assets and liabilities on a line-by-line basis.

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15. Financial instruments by category (Continued)

When no quoted prices in an active market are available, fair values (particularly with derivatives) are based on recognized valuation methods. The Group uses a range of valuation models for the measurement of Level 2 and Level 3 instruments, details of which may be obtained from the following table:

Description	Pricing model	Pricing method	Parameters	Range
Non-current trade receivables	Cash flows	Theoretical price	Projected discounted income as per discount rate.	5.20
Interest rate swaps	Cash flows	Theoretical price	Interest rate and cash flow future contract.	-
Preferred shares of Condor	Binomial tree	Theoretical price	Underlying asset price (Market price); share price volatility (historical) and money market interest-rate curve (Libor rate).	Underlying asset price 1 to 1.5 Share price volatility 55% to 75% Money market interest-rate 0.8% to 1%
Warrants of Condor	Black-Scholes	Theoretical price	Underlying asset price (Market price); share price volatility (historical) and money market interest-rate curve (Libor rate).	Underlying asset price 1 to 1.5 Share price volatility 55% to 75%

				Money market interest-rate 0.8% to 1%
Call option of Arcos	Discounted cash flow	-	Projected income and discounted interest rate.	-
Foreign currency-contracts	Benchmark price	Theoretical price	ROFEX futures curve	-
Non-recourse loan	Binomial tree	Theoretical price	Underlying asset price (obtained by the discounted cash flow valuation), capital cost, discounted market interest rate; control premium, underlying asset volatility.	Underlying asset price U$S 800MM to U$S 980MM, capital cost 11.9% to 14.5%, discounted market interest rate 7.4% to 12.4%, control premium 4% to 6%, underlying asset volatility 25% to 35%.

16. Restricted assets

Group's restricted assets as of December 31 and June 30, 2015 are as follows:

	December 31, 2015			June 30, 2015
	Operations Center Argentina	**Operations Center Israel**	**Total**	**Operations Center Argentina**
Current				
Guarantee deposits	-	342	342	9
Total current restricted assets	**-**	**342**	**342**	**9**

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17. Trade and other receivables

Group's trade and other receivables as of December 31 and June 30, 2015 are as follows:

	December 31, 2015			June 30, 2015
	Operations Center Argentina	Operations Center Israel	Total	Operations Center Argentina
Non-current				
Trade, leases and services receivables	97	1,621	1,718	62
Less: allowance for doubtful accounts....................	(2)	-	(2)	(2)
Total Non-current trade receivables	**95**	**1,621**	**1,716**	**60**
VAT receivables	33	-	33	25
Prepaid expenses	25	941	966	11
Borrowings, deposits and other debit balances	25	443	468	-
Others	-	-	-	19
Total Non-current other receivables	**83**	**1,384**	**1,467**	**55**
Total Non-current trade and other receivables	**178**	**3,005**	**3,183**	**115**
Current				
Trade, leases and services receivables	912	9,096	10,008	695
Less: Allowance for doubtful accounts	(109)	-	(109)	(93)
Total Current trade receivables	**803**	**9,096**	**9,899**	**602**
Tax credits	28	50	78	23
Prepaid expenses	62	429	491	99
	1,016	-	1,016	330

Borrowings, deposits and other debit balances				
Advances to suppliers	62	141	203	49
Others	34	322	356	40
Current other receivables	**1,202**	**942**	**2,144**	**541**
Total Current trade and other receivables	**2,005**	**10,038**	**12,043**	**1,143**
Total trade and other receivables	**2,183**	**13,043**	**15,226**	**1,258**

Movements on the Group's allowance for trade and other receivables are as follows:

	December 31, 2015	June 30, 2015
Beginning of the period /year	**95**	**82**
Additions	22	26
Unused amounts reversed	(6)	(12)
Used during the period / year	-	(1)
End of the period / year	**111**	**95**

The creation and release of provision for impaired receivables have been included in "Selling expenses" in the statement of income (Note 29). Amounts charged to the provision account are generally written off, when there is no expectation of recovering additional cash.

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18. Investments in financial assets

Group’s investments in financial assets as of December 31 and June 30, 2015 are as follows:

	December 31, 2015			June 30, 2015
	Operations Center Argentina	Operations Center Israel	Total	Operations Center Argentina
Non-current				
Financial assets at fair value				
Public companies securities	359	10	369	421
Private companies securities	147	687	834	102
Deposits	-	67	67	-
Others	-	362	362	-
Total non-current financial assets at fair value	**506**	**1,126**	**1,632**	**523**
Financial assets at amortized cost				
Bonds	231	-	231	180
Total non-current financial assets at amortized cost	**231**	**-**	**231**	**180**
Total investments in non-current financial assets	**737**	**1,126**	**1,863**	**703**
Current				
Financial assets at fair value				
Mutual funds (i)	477	1,585	2,062	145
Public companies securities	12	-	12	17
Private companies securities	-	60	60	-
Bonds	816	5,163	5,979	103
Others	-	1,198	1,198	-

Total current financial assets at fair value	**1,305**	**8,006**	**9,311**	**265**
Financial assets at amortized cost				
Bonds	11	-	11	30
Total current financial assets at amortized cost	**11**	**-**	**11**	**30**
Total investments in current financial assets	**1,316**	**8,006**	**9,322**	**295**
Total investments in financial assets	**2,053**	**9,132**	**11,185**	**998**

(i) It includes shares granted as collateral to transact foreign currency future contracts (see Note 19).

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19. Derivative Financial Instruments

Group's derivative financial instruments as of December 31 and June 30, 2015 are as follows:

	December 31, 2015			June 30, 2015
	Operations Center Argentina	Operations Center Israel	Total	Operations Center Argentina
Assets				
Non-current				
Warrants of Condor	-	-	-	7
Derivatives	-	7	7	-
Warrants of IDBD (Note 4)	-	-	-	199
Total non-current derivative financial instruments	**-**	**7**	**7**	**206**
Current				
Foreign-currency future contracts	46	-	46	-
Warrants of IDBD (Note 4)	-	-	-	29
Derivatives	-	13	13	-
Total current derivative financial instruments	**46**	**13**	**59**	**29**
Total assets	**46**	**20**	**66**	**235**
Liabilities				
Non-current				
Commitment to tender offer shares in IDBD (Note 4)	-	-	-	(264)
DIC and Cellcom derivatives	-	(67)	(67)	-

Total non-current derivative financial instruments	-	**(67)**	**(67)**	**(264)**
Current				
Commitment to tender offer shares in IDBD (Note 4)	-	-	-	(237)
Foreign-currency future contracts	(12)	-	(12)	-
DIC and Cellcom derivatives	-	(74)	(74)	-
Total current derivative financial instruments	**(12)**	**(74)**	**(86)**	**(237)**
Total liabilities	**(12)**	**(141)**	**(153)**	**(501)**
Total derivative financial instruments	**34**	**(121)**	**(87)**	**(266)**

As of December 31, 2015, as part of the Group's exchange rate risk management policy, it had executed foreign exchange rate futures in the amount of US$ 288.45, at an average exchange rate of Ps. 11.39 to US$ 1. As of December 31, 2015 the gain generated by these futures amounted to Ps. 911.95 and was booked under the line Gains (losses) from financial derivatives, net.

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20. Cash flow information

The following table shows the amounts of cash and cash equivalents as of December 31 and June 30, 2015:

	December 31, 2015			June 30, 2015
	Operations center in Argentina	Operations center in Israel	Total	Operations center in Argentina
Cash at bank and on hand	466	12,561	13,027	373
Mutual funds	5	-	5	2
Total cash and cash equivalents	**471**	**12,561**	**13,032**	**375**

Following is a detailed description of cash flows generated by the Group's operations for the six-month periods ended December 31, 2015 and 2014:

	Note	December 31, 2015	December 31, 2014
(Loss) / Profit for the period		(910)	47
Adjustments for:			
Income tax expense	25	236	379
Disposals of unused property, plant and equipment	11		-
Amortization and depreciation	29	106	85
Gain from disposal of investment property	10	(1,029)	(801)
Dividends received	32	(10)	(8)

Share-based payments	33	20	2
Sale of goodwill		4	-
Gain from purchase of subsidiaries and joint ventures	8,9	-	-
(Loss) / gain from derivative financial instruments	32	(516)	193
Changes in fair value of investments in financial assets	32	976	(201)
Interest expense, net	32	391	301
(Loss) from disposal of associates		(3)	(9)
Provisions and allowances		89	55
Share of profit of associates and joint ventures	8,9	398	681
Unrealized foreign exchange loss, net		1,590	127
Reversal of currency translation adjustments		(144)	(188)
Changes in operating assets and liabilities:			
Decrease in inventories		(2)	(3)
Decrease in trading properties		-	1
Increase in trade and other receivables		(205)	(110)
Increase in trade and other payables		126	96
Decrease in salaries and social security liabilities		(20)	(17)
Decrease in provisions		(2)	(3)
Net cash (used in) / generated by operating activities before income tax paid		**1,095**	**627**

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20. Cash flow information (Continued)

The following table shows a detail of non-cash transactions occurred in the periods ended December 31, 2015 and 2014:

	December 31, 2015	Dec
Increase in trade and other payables through a decrease in liabilities from derivative instruments	1,653	
Cumulative translation adjustment	204	
Tender Offer reserve through a decrease in liabilities from derivative instruments	190	
Increase in investments in financial assets through an increase in trade and other payables	180	
Transfer of trading properties to investment properties	15	
Share-based payments	9	
Transfer of property, plant and equipment to investment properties	6	
Use of tax loss carryforwards	6	
Repayments of borrowings with related parties through dividends receivable	3	
Increase in properties, plant and equipment through an increase in borrowings	1	
Reimbursement of expired dividends	-	

Business combination

Investment properties	28,821	-
Property, plant and equipment	13,734	-
Trading properties	2,437	-
Intangible assets	1,288	-
Investments in associates and joint ventures	9,043	-

Deferred income tax	(3,597)	-
Trade and other receivables	9,546	-
Investments in financial assets	6,695	-
Derivative Financial Instruments	280	-
Inventories	1,822	-
Restricted assets	250	-
Income tax and minimum presumed income tax ("MPIT") credit	91	-
Assets held for sale	4,475	-
Trade and other liabilities	(11,550)	-
Borrowings	(68,174)	-
Salaries and social security liabilities	(794)	-
Provisions	(1,089)	-
Income tax and minimum presumed income tax ("MPIT") liabilities	(316)	-
Employee benefits	(405)	-
Total	**(7,443)**	**-**
Non-controlling interest	(2,235)	-
Goodwill not yet allocated	1,901	-
Total net assets added as a result of business combination	**(7,777)**	**-**
Cash added as a result of a business combination	**9,193**	**-**

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21. Trade and other liabilities

Group's trade and other payables as of December 31 and June 30, 2015 are as follows:

	December 31, 2015			June 30, 2015
	Operations center in Argentina	Operations center in Israel	Total	Operations center in Argentina
Non-current				
Trade payables	424	261	685	217
Deferred income tax	7	3	10	7
Others	34	112	146	31
Total Non-current trade and other payables	**465**	**376**	**841**	**255**
Current				
Trade payables	298	9,187	9,485	261
Accrued invoices	193	2,496	2,689	119
Sale and rent payments received in advance	239	2,744	2,983	223
Total Current trade payables	**730**	**14,427**	**15,157**	**603**
Dividends payable to non-controlling shareholders	9	-	9	59
Other liabilities with non-controlling interest	1,653	-	1,653	-
Deferred income tax	1	3	4	-
Tax liabilities	110	342	452	83
Others	162	635	797	151
Total current other payables	**1,935**	**980**	**2,915**	**293**
Total current trade and other payables	**2,665**	**15,407**	**18,072**	**896**
Total trade and other payables	**3,130**	**15,783**	**18,913**	**1,151**

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22. Salaries and social security liabilities

Group's Salaries and social security liabilities as of December 31, 2015 and June 30, 2015 are as follows:

	December 31, 2015			June 30, 2015
	Operations center in Argentina	**Operations center in Israel**	**Total**	**Operations center in Argentina**
Non-current				
Social security payable	3	-	3	2
Total non-current salaries and social security liabilities	**3**	**-**	**3**	**2**
Current				
Provision for vacation, bonuses and others	76	1,086	1,162	95
Social security payable	28	-	28	27
Others	1	-	1	1
Total current salaries and social security liabilities	105	**1,086**	**1,191**	**123**
Total salaries and social security liabilities	**108**	**1,086**	**1,194**	**125**

23. Provisions

The Group is subject to claims, lawsuits and other legal proceedings in the ordinary course of business, including claims from clients where a third party seeks reimbursement or damages. The Group's liability under such claims, lawsuits and legal proceedings cannot be estimated with certainty. From time to time, the status of each major issue is evaluated and its potential financial exposure is assessed. If the potential loss involved in the claim or proceeding is deemed probable and the amount may be reasonably estimated, a liability is recorded. The Group estimates the amount of such liability based on the available information and in accordance with the provisions of the IFRS. If additional information becomes available, the Group will make an evaluation of claims, lawsuits and other outstanding proceeding, and will revise its estimates.

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23. Provisions (Continued)

The table below shows the movements in the Group's provisions for other liabilities categorized by type of provision:

	Operations center in Argentina			**Operations center in Israel**					
	Legal claims	**Investments in associates and joint ventures (ii)**	**Subtotal**	**Sited dismantling and remediation (iii)**	**Legal claims**	**Onerous contracts (iv)**	**Guarantees and other provisions**	**Subtotal**	**Total**
At July 1st, 2014	**47**	**177**	**224**	**-**	**-**	**-**	**-**	**-**	**224**
Additions (i)	35	159	194	-	-	-	-	-	194
Recovery (i)	(15)	-	(15)	-	-	-	-	-	(15)
Used during the period	(4)	-	(4)	-	-	-	-	-	(4)
Contributions	-	(2)	(2)	-	-	-	-	-	(2)
Currency translation adjustment	-	29	29	-	-	-	-	-	29
At June 30, 2015	**63**	**363**	**426**	**-**	**-**	**-**	**-**	**-**	**426**
Additions (i)	11	80	91	-					